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# FINANCIAL TIMES

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## NEWS SUMMARY

**GENERAL**  
**Fire**  
**pledges**  
**ough**  
**ine**

**BUSINESS**  
**Market**  
**awaits**  
**trade**  
**figures**

## Government moves to help building societies

# Bank deposit rate pegged

BY MICHAEL BLANDEN AND MICHAEL CASSELL

MR. ANTHONY BARBER, Chancellor of the Exchequer, yesterday intervened to protect the building societies from further competitive pressure for savings, in an attempt to avoid another rise in the cost of home loans.

A limit of 9½ per cent has been placed on the rate which the banks can pay on their smaller deposits—up to £10,000. At the same time, in a letter to banks and finance houses, the Governor of the Bank of England, Mr. Gordon Richardson, has asked them for the first time to restrain their lending to the personal sector.

The Chancellor's announcement followed a meeting between Treasury officials and representatives of the Building Societies Association, called to discuss the steep drop in receipts experienced in the last six weeks.

While the societies welcomed the decision, it seems unlikely that it will prevent the recommendation this Friday of a further increase in the mortgage rate.

The Chancellor was told that the net receipts situation was so serious that the chances of a decision to delay any increase

in the rates paid to investors and borrowers, to see how the Bank directive worked, seemed remote.

Several building society leaders last night said they expected the investors' rate to rise from 6.75 per cent. net to 7.5 per cent. against the banks' 6.65 per cent. net. This would mean a mortgage rate of 11 per cent.

In his statement yesterday Mr. Barber said the move on bank deposits implements paragraph 15 of the original document, allowing the authorities to restrain competition for small savings. The move to hold down the growth of personal lending, one of the fastest growing areas of bank advances over the past two years, represents a significant imposition of "qualitative" restraints.

At the same time, the Bank asked for further restraint on loans for property development and financial transactions, already restricted under a letter sent out just over a year ago.

Reaction among the banks was that the restraint did not appear severe at first sight. The ceiling on deposit rates has been fixed at the present level, and therefore requires no cutback in the rates being paid now.

The somewhat unexpected request to hold down the growth of personal lending was seen as

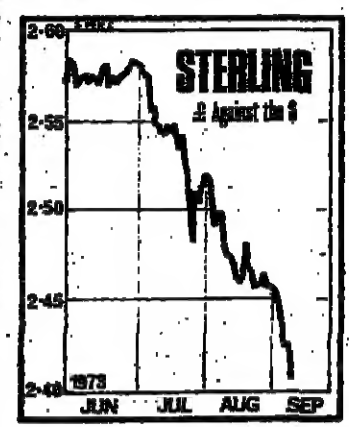
## Competition and credit control

CLAUSE 14: Notwithstanding the abandonment of quantitative ceilings, and the adoption of the above proposals, the authorities would continue to provide the banks with such qualitative guidance as may be appropriate. For example, so long as hire purchase terms control remains in force, banks will be asked that personal loans related to the purchase of goods subject to terms control should be made on terms no easier than those permitted by the Department of Trade and Industry for hire purchase contracts.

CLAUSE 15: The greater freedom afforded to banks by the above proposals might lead them to compete for individuals' savings at present invested in public sector debt or in the finance of housing. The impact of such competition on savings banks and building societies would need careful consideration and the Bank of England would wish to discuss this matter with the banks. It might be that a need would be recognised, for example, to observe some limits on the terms offered for savings deposits. The need for such limits would be open to reconsideration in the light of changed circumstances.

The Phase Two counter-inflation policy.

Mr. Faulkner also issued a warning to big borrowers taking advantage of disparities in interest rates through "arbitrage" operations—borrowing on overdraft in order to lead a profit in the wholesale money markets. This has been one of



Monday's post-revaluation falls. The FT 30-Share Index, down 2.5 at 10 a.m., picked up slightly to close with a net loss of 2.4 at 498.7.

**Use finish**  
**Norway**  
Norwegian general election held in Labour and the three Socialist Election League, which includes the Communists, which home with a one-seat victory in the 155-member parliament, according to preliminary results. Page 6

**ights' protest**  
**scientists**  
At least 100 Fellows of the Royal Society have sent a letter to the Prime Minister protesting "gross contravention of human rights" by Russia and the U.S. in the "war" against terrorism. The letter, signed by scientists, not only for Jews and Jews, but for everyone.

**Andrew starts**  
**Gordonstoun**  
Andrew started at Gordonstoun Public School, Gordonstoun, the old private school with her new pupil—Amanda (chubby, aged 16, daughter of Lord and Lady Brabourne).

**'s road back**  
Unmanned Ali's lawyer said in Los Angeles after the boxer's fight with Ken Norton: "It will be a Joe Frazier next, with winner to meet George Foreman." Foreman won the fight by a heavyweight title from Ken Norton.

**land threat**  
The Cabinet unanimously led to severe diplomatic tensions with Britain if British ships were involved in any incidents with Icelandic boats inside the disputed 50-fishing limit.

**liner crashes**  
48 passengers and six crew members died after a Yugoslav Airlines Caravelle, on a flight from Skopje to London, crashed on a mountain shortly after it was due to land at Heathrow.

**efly...**  
Edward Heath, the Prime Minister, has accepted an invitation to conduct the Royal Festival of Britain, on December 1, at the Royal Festival Grounds, London.

**efly...**  
The tour of England by South Africa in 1975 had been called the Cricket Council said.

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## Bovis chairman resigns

MR. FRANK SANDERSON has resigned as chairman and managing director of Bovis "following policy disagreement on methods of management of the company".

Mr. Neville Vincent, deputy chairman, has been appointed chairman and Mr. Malcolm Parry, managing director, has been appointed managing director.

Interim statement, Page 22

**LORD O'BRIEN** of Lethbride, former Governor of the Bank of England, is to be the new president of the British Bankers' Association.

Men and Matters, page 18

**CITY TAKEOVER** Panel is expected to confirm soon that a share deal involving Birmingham Small Arms had last month to a stockbroker being suspended.

Page 12

**CLEARING BANK** staff associations have joined the National Union of Bank Employees in seeking to recoup pay increases lost during the freeze.

Page 19

**PLESSEY** is expected to announce today that it has won a major contract from the Department of Defence. Yesterday, the company reported a 1972/73 pre-tax profit of £31.46m, up £10.73m.

Page 23 and Lex

**RICHARD COSTAIN** first half pre-tax profit of £4.10m, compares with £3.05m in the first six months of 1972.

Page 23

## Chile in grip of military revolt: 'Allende surrenders'

BY DAVID WHITE

THE GOVERNMENT of President Salvador Allende was reported last night to have been ousted by Chile's armed forces.

Radio reports from rebel-held stations, monitored in neighbouring Argentina, said the forces were in full control of the country and had declared a state of siege.

An army communique stated Dr. Allende had agreed to surrender to the military. He was said to have requested a ceasefire, which the armed forces had agreed to because of continued fighting near the presidential palace.

Mexico Radio said he had taken refuge in the Argentinian Embassy in Santiago. Several Chilean officials were reported under arrest.

A report broadcast by Radio Agricultura of Santiago said the Moneda Palace had been bombed by air force aircraft. Four people were killed in air attacks on the city, according to the report.

The palace bombing came less than an hour after the first radio announcement that the army had seized control.

Links between Chile and the outside world were cut off, with telephone and telegraph lines blocked, flights cancelled and borders closed.

According to a report from Radio Corporacion, the army had given Dr. Allende a 1600 hours (GMT) deadline to resign—a formality, it said, since the effective government was already in rebel hands.

It was not clear, however, whether the attack on the palace came before or after the expiration of the army's deadline. Dr. Allende was believed to be inside the palace at the time of the attack.

He was elected President in October, 1970. The world's first Marxist head of state to come to power through free elections.

Officers of the Socialist and Communist parties—the backbone of Dr. Allende's Left-wing coalition—were also being raided by army units, Radio Corporacion said.

Before the severance of communications a radio message from the commanders of Chile's army, navy, air force and carabinieri (para-military police) had demanded the President's resignation. They said the country was in the process of being destroyed by a "most grave economic, social and moral crisis".

Earlier, before tele lines were cut off, Hugh O'Shaughnessy, Latin America correspondent, cabled from Santiago:

Fighters flew low over the Presidential palace here this morning as Dr. Salvador Allende announced that sectors of the armed forces had risen in revolt against his Government.

There was no telephone contact with Valparaiso, the principal port and naval base of the country, from which the fleet was to have sailed for Operation Unites yesterday.

The garrison of Santiago, Dr. Allende said, had been confined to barracks on the orders of the general commanding.

This morning, Radio Corporacion, the principal Socialist Party radio station, reported it had been machine-gunned. Just before 9 a.m. local time a spokesman on the radio claiming to speak for a "Government military junta" called on all Government radio stations to cease operation.

Heavy contingents of police with armoured vehicles surrounded the Presidential palace. Radio Corporacion was continuing this morning to send out calls to workers to get in touch with the trade unions, occupy their factories and not leave them. The station claimed that the trigger for the revolt was the speech on Sunday by the secretary general of the Socialist Party, Sen. Carlos Altamirano, in which he referred in combative terms to the alleged torture of peasants in Valparaiso by "putschist" officers.

Dr. Allende had been due to present a new plan to pull Chile out of its economic and political crisis, triggered off by the lorry drivers' strike, now in its seventh week.

Observers believe the navy may have been the instigator of the revolt, following its clash with the President earlier this month. Dr. Allende had persuaded Admiral Raul Montero, the Navy Commander-in-Chief, to stay in office "in the national interest," despite strong pressure from within the navy to have him replaced with Admiral Emilio Correa, who is considered strongly anti-Leftist.

## U.K. grain crop set for record

BY PETER BULLEN

A RECORD home-grown grain crop now looks certain in spite of earlier pessimistic forecasts.

The Ministry of Agriculture end-of-August crop report yesterday showed that the grain harvest in England and Wales should total some 13.2m. tons, compared with last year's 13m. tons.

Providing the figures for Scotland and Northern Ireland do no more than equal last year's totals—and there is every indication that they will be higher—last year's record U.K. grain harvest of 15.2m. tons will be surpassed by several hundred thousand tons.

Mr. Anthony Stodart, Minister of State for Agriculture, said it was most encouraging news. Speaking from his home in East Lothian, he saw the light on the level of his own grain harvested yesterday, he said a thoroughly good overall cereal crop had been won because of "wonderful" weather throughout the country.

By August 31, some 80 per cent of the cereals in England and Wales had been harvested compared with only 50 per cent. at the same time last year. Continuing fine weather since then has ensured that virtually all the harvest has been gathered.

Most of the extra grain is attributable to the increased yield and acreage of wheat. Of the 13.2m. tons 4.8m. is wheat (compared with 4.5m. tons in 1972), while barley (7.4m. tons) and oats (0.8m. tons) remain the same. The remaining 100,000 tons is mixed corn. The wheat yield is estimated at 35.3 cwt/acre (33.7 cwt/acre last year), barley 31.7 (31.4) and oats 32.3 (32.7).

The condition of the cereals crops was good with little disease recorded, and although some farmers found difficulty in gathering laid crops following the July storms, expensive artificial drying of grain was not necessary this year.

London grain markets were largely unaffected by the U.K. forecasts. Dealers reported little trading as the markets awaited the U.S. crop estimates which are expected to throw much more light on the level of world grain supplies and prices in the coming months.

As Britain usually imports more than 5.5m. tons of the 23m. tons of grain she uses annually any increase in home supplies will help to limit the foreign exchange particularly at present high-price levels.

Already this week there have been definite signs of substitution of home-grown for imported grains. The Home Grown Cereals Authority's latest figures show that processors, other than flour millers, took 315,000 tons of home-grown wheat in July.

## Electricity price rise 'urgent'

BY HAROLD BOLTER, INDUSTRIAL CORRESPONDENT

THE ELECTRICITY supply industry made a small profit of £2m. in 1972-73, but it could be transformed into a deficit of nearly £100m. this year without price rises.

This became clear yesterday when Sir Peter Menzies, chairman of the Electricity Council, severely criticised Government delays in considering an application from the industry for higher tariffs.

Submitted more than three months ago, the application has been considered by the Price Commission, whose views have been in the hands of Mr. Peter Walker, Secretary for Trade and Industry, for three weeks.

Meanwhile, according to Sir Peter, the industry's finances are in a "parious state" and there is an urgent need to get back to more realistic pricing.

The 12 area Boards in England and Wales, represented by the Electricity Council, are understood to be seeking tariff increases averaging nearly 10 per cent., although one off-peak tariff, to be applied to domestic consumers, would go up by 18 per cent.

Without any rises this year, the supply industry is likely to have a deficit of between £50m. and £100m. If the wind is a mild one and up to £100m. if it is severe. This is because, at times of peak demand, use has to be made of less efficient, and expensive, means of power generation.

With a turnover of £1,800m., the industry needs a rise of 5 per cent. in a full year merely to cover a deficit of this size. But with half the financial year over, it would need an increase of 10 per cent. for the last six months to have this effect.

Costs higher

Although the industry's £2m. profit last year compares with a 1971-72 loss of £23m., its total costs rose by £155m. during the year. As a result, its revenue fell well short of the income needed to achieve the financial objective of a 7 per cent. return on net assets agreed with the Government for the quinquennium 1969-1974.

At March 31 this year, the industry was £394m. short of the cumulative financial objective, and had no hope of achieving it.

Three main factors appear to have conspired to cause the delay in consideration of the industry's price rise claim by the Price Commission and the Government.

In the first place, electricity price increases are always unpopular politically. This one, with the industry trying to place the main burden of the rise on domestic consumers paying uneconomic tariffs, is more difficult than most in the climate of the Government's counter-inflation policy.

Second, consideration of the applications from the 12 area Boards in England and Wales alongside those from the two Scottish Boards has come as an added complication.

The Scottish Boards are responsible for both generation and supply rather than just supply, and their case for an increase is different from that of the English and Welsh Boards.

Finally, it was disclosed yesterday, 11 of the 12 area Boards have proposed to the Price Commission that an automatic fuel adjustment clause should be introduced into domestic and

Continued on Back Page  
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STOCK PRICE CHANGES	
is in pence unless otherwise indicated	
RISERS	
and NZ Bank	347 + 7
of NSW	483 + 18
(W. H.) 170 nom.	70
n Hill Prop.	528 + 22
ons (Msslbgh.)	145 + 10
nel Tunnel	215 + 20
at Org.	73 + 5
on Trust	243 + 10
ing (S.)	143 + 9
on-Richards	376 + 9
Stroud	102 + 5
es	68 + 4
green	256 + 8
and Simpson "A"	128 + 9
Gld. Flds. Aust.	233 + 25
ic Rolinto	455 + 35
Peko-Wallaseid	
Abacom Invest.	270 - 23
Armitage Shanks	140 - 4
Bovis	253 - 19
Breedon and Cloud	108 - 5
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GNV	286 - 6
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## WORLD TRADE NEWS

## FRANKFURT MOTOR SHOW

## Boost for domestic market

BY ANDREW HARGRAVE

THE MOTOR SHOW which opens in Frankfurt tomorrow, the first in West Germany for four years — will be primarily aimed at reviving the domestic car market which has shown signs of flagging in recent months.

While not altogether pleased with the latest forecast by the IFO Research Institute, predicting further growth for the rest of the decade but at a slower rate, the manufacturers hope that the new or revamped models announced recently as well as the show itself will inspire renewed interest by the buying public.

Unlike the British market where foreign cars have made their major penetration only in the last year or two, the West German one has traditionally been an "open sesame." Over a quarter of all registrations have been imports, with French and Italian cars leading.



The Ford Mustang II—one of the two brand new models on show.

## Renault share

Renault, with a market share of around 7 per cent, has recently topped Fiat whose share has declined to 5.5 per cent. In the past 18 months, Chrysler-Simca follows with around 4 per cent. British Leyland is very much among the also-rans.

Although its share has been rising from 0.6 per cent. in 1971 to around 1 per cent. now.

One piece of evidence that British motor and accessory manufacturers are attacking the West German market, particularly in view of the European Community membership, is provided by the large number of exhibitors at the Frankfurt show.

Britain, with 38 entries, easily leads the list of 452 foreign exhibitors, ahead of Italy (87) and France (67).

The majority of the 1,200 exhibitors are, of course, from the host country. They have a market to protect. On the passenger car front, Opel, the General Motors subsidiary, is attempting to hold the substantial lead it has built up (nearly 22 per cent. of all registrations in the first seven months of this year) but the

July figures contain the hint of a come-back by Volkswagen (18 per cent. share). Ford's decline has continued this year, with a market share of only just over 12 per cent., 2.5 per cent. less than in 1971, while the Volkswagen-owned Audi-NSU, thanks to its successful Audi 80, is coming up fast behind with an 11 per cent. share.

The show itself has little to offer by way of brand new models. Only two in the halls come in this category, one the 1,600 cc Beta-coupe by Lancia, the Fiat subsidiary, and the other a smaller edition of the Ford Mustang from the U.S.

## New versions

The new Opel Kadett and Volkswagen's Passat (its own version of the Audi 80) as well as three "pop" variations of the "Beetle" are already on the market. The "quality" manufacturers, BMW and Daimler-Benz, will show new versions of the existing models as well as Mercedes replacements while Porsche is displaying a study model of a non-rusting, long-lasting (but presumably very expensive) car.

On the economic side, the

West German car industry presents a very varied picture. Daimler-Benz and BMW (particularly the latter) had excellent results last year which is reflected in their dividends of 18 and 16 per cent. respectively. Volkswagen, still the overall industry leader in Germany in terms of sales value, produced only a modest profit and paid a 9 per cent. dividend. The latest results of two U.S. subsidiaries reflect their market share movements, with Opel excelling and Ford declining.

West German vehicle manufacturers export well over half of their output, none more so than Volkswagen which has an export share of about 85 per cent.

The repeated currency changes of recent years have meant a serious threat, particularly vis-a-vis competitors whose currencies have steadily declined against the D-Mark—the U.S. (which absorbs over a third of Volkswagen's production), Italy and Britain.

The possibility of stringent and cost-inflating safety and anti-pollution measures in the EEC, but particularly in the U.S., have also been casting a shadow over the prospects of West German manufacturers. That is why they have increas-

ingly been looking to the Third World, especially Latin America, for both production facilities and as a growth market. This year 850,000 vehicles, one in every four West German units sold abroad, is expected to be produced in facilities outside Germany: in Brazil alone, Volkswagen manufactures about 350,000 cars a year.

This anxiety about the future is reflected in the numerous forums and seminars which accompany the two-day show. But in the meantime, the manufacturers expect a record year, with over 4m. units produced, to make last year's 4.3 per cent. decline just a bad memory.

## SWISS PLAN FOR PEKING FAIR

By Our Own Correspondent

ZURICH, Sept. 11.

A total of 182 companies are to participate in a Swiss industrial exhibition to be held in Peking from August 7 to 20, 1974. The show, which will be bigger than those of Denmark, Sweden and Canada last year and the planned Dutch and Austrian exhibitions, will consist primarily of exhibits of machinery, chemical products and watches.

## Japan's steel plant sale to China 'in final stage'

BY CHARLES SMITH

TOKYO, Sept. 11.

A SPOKESMAN for Nippon Steel, Japan's largest steel manufacturer, told the Financial Times today that negotiations are "coming to the final stage" on the export of a ¥100,000m. steel mill to China. However, the spokesman denied reports, published in the Tokyo Press, that the contract was already agreed in principle and would be signed on September 22, the anniversary of Japan's "normalisation" of its diplomatic relations with China.

The date of September 22 was not definite at all, the company said and there was still a chance though not a strong one, that the steel mill contract might be placed elsewhere.

## Difficulties

Nippon Steel claims that certain technical problems are still causing difficulties in talks with China. The company believes that China is maintaining its contacts with Mannesmann of West Germany which also tendered for the steel plant contract. The Chinese have told Nippon Steel that a German delegation is still in Peking.

The Chinese are believed to have expressed interest in buying a big steel plant from Japan soon after the two countries re-established normal relations last year. However, detailed negotiations between Nippon Steel and the Chinese importers began only a month ago in Canton and there are still doubts

about the full list of Japanese companies which might be involved with Nippon Steel in supplying the steel mill. One possibility is that Kawasaki Steel might gain a large share of the contract, but Kawasaki is still negotiating independently with the Chinese authorities—not in conjunction with Nippon Steel.

The Chinese are apparently asking for a hot strip mill with a capacity of 3m. tons a year and a cold strip mill with a 1m-ton capacity, both of which would be larger than any existing Chinese installation. There has been no talk yet about the way in which China would pay for the plant.

The Chinese have repeatedly refused to accept bank loans or credit lines offered by their non-Communist trade partners. But this does not necessarily mean that China would reject some form of deferred payment arrangement for the steel mill if it could be considered an international practice.

## Trade mission

The story of Nippon Steel's Chinese contract broke on the eve of the arrival in Tokyo of a 33-man Chinese trade mission headed by an official of the China Council for the Promotion of International Trade. The mission will be meeting senior Japanese ministers including the Prime Minister, Mr. Tanaka, and will be shown about 50 Japanese

industrial installations before leaving on October 10. Since Sino-Japanese trade has risen in value by about 60 per cent. so far this year by comparison with the same period of 1972, the increase in Japanese imports in China was faster than the rate of export increase so that China's traditional deficit on its trade with Japan has been closed to some extent.

However, the Chinese are said to be concerned that the gap may widen again when the steel plant and other major pieces of capital equipment start to show up in the figures.

## South Korea approves Barclays' £3.5m. loan

By Our Own Correspondent

SEOUL, Sept. 11.

THE SOUTH KOREAN Government has approved a £3.5m. loan from Barclays bank to Hyundai Shipbuilding and Heavy Industries Company of South Korea to help finance Hyundai's shipyard expansion project.

It also approved a \$3.95m. loan from ESAB of Sweden and a \$3.94m. loan from Banque de Suez of France to Hyundai for the same purpose.

Hyundai started in July the work to expand its shipyard, being built since November 1971, at Mipo Bay near the East Coast city of Ulsan, from the initially planned capacity of five 250,000 dwt tankers a year to 10 such vessels. The expansion is to be completed in December next year.

Barclays extended a loan of \$6m. last year for the initial project as part of \$43m. loans and credits from five European companies.

The new loan is repayable in 14 semi-annual instalments after a two-year grace period, and bears an interest of 6 per cent. a year.

In another action, the Government approved \$127.9m. loans from Mitsubishi and Marubeni of Japan to Sangyong Cement Company to finance the expansion of the Korean company's cement manufacturing facilities at Pukpyong on the East Coast from the present 4.6m. tons a year to 10.2m. tons.

## U.K. COMPANIES WIN ORDERS IN NEW ZEALAND

By Our Own Correspondent

WELLINGTON, Sept. 11.

British exhibitors took \$N22m. worth of orders with at least another \$3m. worth anticipated at the New Zealand International Trade Fair in Auckland. More than 100 British companies exhibited in the British Pavilion.

Notable commercial successes included Lansing Bagnall who took \$195,000 in confirmed orders and a further \$1,295,000 of provisional orders. This includes business with the Auckland Harbour Board. British Oxygen received \$150,000 worth of orders, for welding and cutting equipment with \$500,000 worth of orders in the pipeline.

Thorn Electrical Industries received \$110,000 worth of orders for electrical equipment, components and appliances. It anticipates a further \$750,000 worth of orders.

## CBI wants new system of GATT safeguards

By John Griffiths

A NEW SYSTEM of GATT safeguards, which would allow nations to take protective action against the imports of any individual country in case of damage to its domestic industry is called for in a study published today by the Confederation of British Industry's Overseas Directorate.

The proposal is perhaps the most significant in the document which in a wide-ranging survey of the new GATT negotiations opening to-day in Tokyo, declares British interests to be firmly in an open world economy and call for much closer government industry consultation in the negotiations.

It cites the ineffectiveness of Article 19 of GATT — the existing safeguards clause — as being almost entirely due to governments' reluctance to invoke safeguard measures which must, currently, be applied multilaterally, with the attendant risk of political illwill and retaliation.

However, the study also accepts that discriminatory measures, which were too easy to invoke, could reduce the benefits of the most-favoured nation clause as he open to abuse.

## Time limit

Conditions could be built in Article 19, the study asserts, which could prevent the clause being used to grant continuing protection to an inefficient industry by imposing a time limit, of perhaps five years, by progressive relaxation of safeguards as domestic industry adapted or resources were transferred elsewhere.

To ensure the safeguard provision for their implementation prior to GATT approval would have to be retained, although continuation of measures would have to be dependent on international approval.

The study insists that, given continuing international surveillance, it should be possible to restrict retaliation to cases which have been sent to arbitration and rejected by one of the GATT signatories.

The document also lays stress on the importance of dismantling the increasingly large list of non-tariff barriers stemming from the Kennedy Round tariff cuts, considering them to be a bigger hindrance to trade than tariffs themselves.

## Fundamental

Despite the average reduction of just over 35 per cent. in the Kennedy Round, the study sees tariff-cutting as again playing a fundamental part in the negotiations.

It rejects as "impractical" a U.S. proposal, supported by Japan, for abolition of all industrial tariffs on the grounds that to do so would create immense social problems and lead to adoption by governments more subtle protection measures. The EEC's own proposal, for "simple formula" under which tariff reduction would depend on the initial level of the tariff would lead to greater harmonization.

The Multilateral Trade Negotiations: An Industrial Assessment. Published by Confederation of British Industry. 50p.

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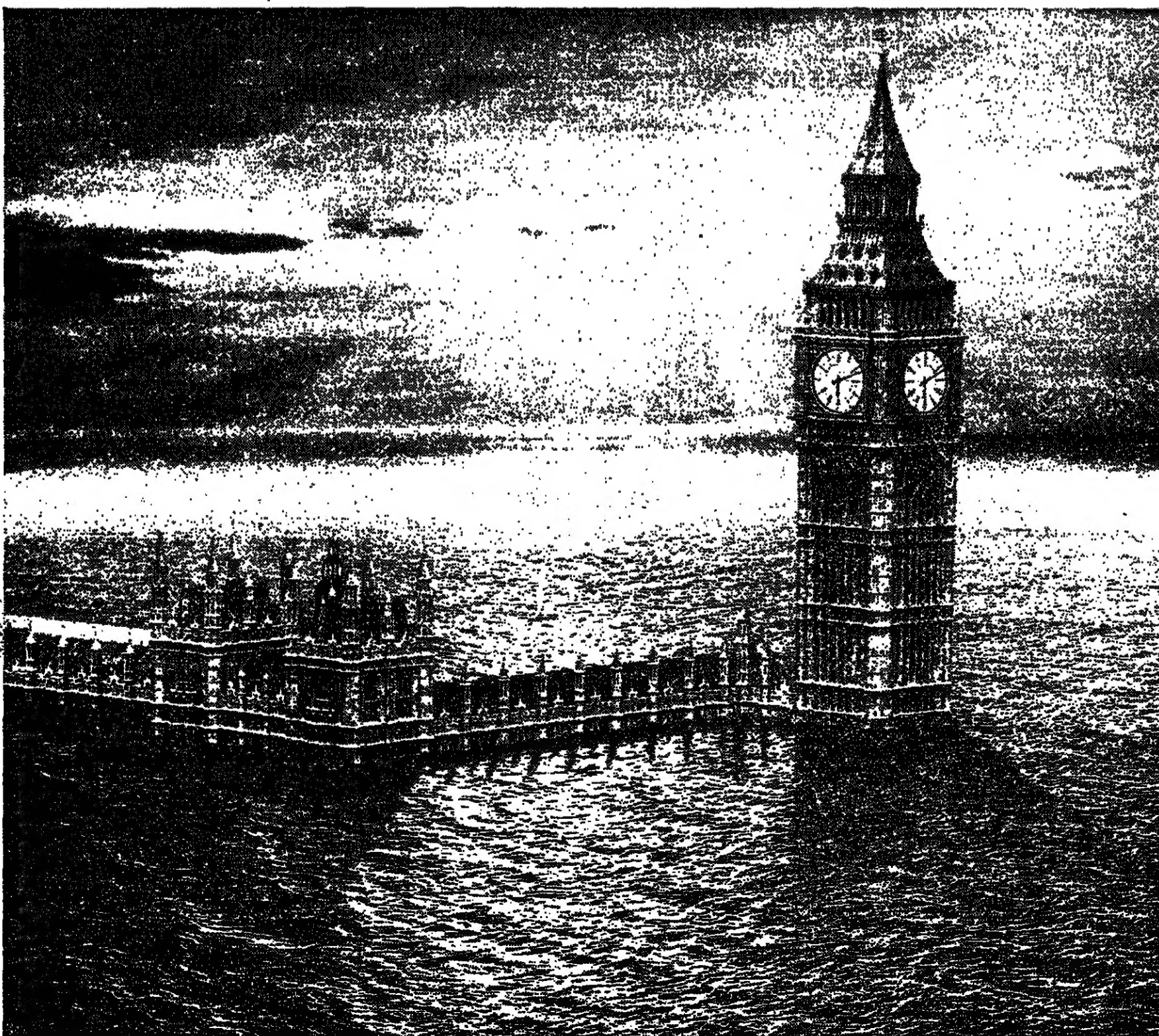
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## Panama looks at Spanish steel plants

By Our Own Correspondent

MADRID, Sept. 11.

THE PANAMANIAN Government has sent an official mission to look at Spanish steel plants and establish first contacts for the eventual installation and operation of a 120,000 tons a year steel plant in Panama.

First reports indicate that the Panamanians may invite the INI Spanish State-controlled industrial holding group to participate in an envisaged joint Panamanian-Spanish enterprise and that Spanish banks may provide the necessary credits to help finance the installation and the exports of Spanish-made equipment for the projected steel plant.

The official visit almost coincides with a private visit to Spain by the Panamanian President, General Omar Torrijos.

## Helsinki Technical Fair opens

By Our Own Correspondent

HELSINKI, Sept. 11.

THE HELSINKI International Technical Fair opened here today with more than 200 exhibitors representing over 1,000 companies. Six of the 10 countries with official stands are from the Eastern bloc, reflecting the growing interest of the Comecon countries in the Finnish market.

The British official stand is sponsored by the British Overseas Trade Board of the DTI and the London Chamber of Commerce. Some 20 British exhibitors are showing machine tools, hydraulics, pumps, power-operated floor maintenance equipment, printing machines, electronic measuring equipment, etc.

The main product groups of the fair are industrial electronics, electrical industry, machine tools, hydraulics and pneumatics. The Association of Finnish Metal and Engineering Industries and the Association of Finnish Electrical Industry are holding an industrial electronics seminar on September 14, the day before the fair closes. It will devote special attention to the use of electronic control systems in production planning and control.

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## AMERICAN NEWS

## New York brokers lose \$53m. in a month

BY NICHOLAS COLCHESTER, U.S. FINANCIAL CORRESPONDENT

NEW YORK, Sept. 11.

THE New York Stock Exchange has lost about \$53m. in the month of August, the largest loss since the exchange was founded in 1792. The losses of the Wall Street brokerage business have resulted from a depressed stock market and from a low level of trading volume that seems to symbolise a general disinterest in the stock market as a place to invest and as a place to deal.

The Exchange has asked the Securities and Exchange Commission for a 10 per cent. rise in overall commissions designed to increase the annual revenue of NYSE members from around \$3,000m. to \$3,300m.

The continued drain on the resources of an industry that is not liberally endowed with capital creates an underlying sense of unease as the brokerage houses glumly continue with their work. So far there have been no major disasters, only a steady stream of discreet reports of salary cuts and lay-offs, but investors must naturally wonder how long this uncomfortable calm can persist.

Over the first seven months of this year there were mergers involving 20 of Wall Street's firms. Merging appears to represent the most constructive way in which troubled firms can adapt themselves to the lack of business on Wall Street.

The wave of mergers so far this year has prompted Barron's magazine bitterly to remark that "merging Wall Street firms is like rearranging deck chairs on the Titanic."

## House committee may end work on trade Bill soon

BY ADRIAN DICKS

WASHINGTON, Sept. 11.

CONGRESSMAN Al Ullman, the ranking chairman of the House of Representatives Ways and Means committee, said last night that he was confident that the committee would be able to finish work by the end of this month or early October on a trade Bill that would give the Administration authority to conduct "meaningful" negotiations.

But he warned during the course of a discussion sponsored by the American Enterprise Institute that there was no question of the Congress agreeing to give the President unconditional powers and that it would insist on retaining veto powers in the area of trade policy.

Mr. Ullman, who has been presiding over the Ways and Means committee's lengthy deliberations on the Bill in the absence of the ill Congressmen Wilbur Mills, did not go into any details of how he thought the veto powers would be exercised. He did predict some modification of the closed rule procedure which has been applied to Ways and Means Committee Bills in the past: this would leave the trade Bill, or at least some sections of it, open to amendments from the floor of the House.

Mr. Ullman made clear that he thought it would be irresponsible to open up the Bill entirely, and that he would resist pressures to do so as far as possible. But he said it now appeared inevitable that at least some titles would be opened up, "and I think they should be."

On the subject of most-favoured nation status for the Soviet Union, which promises to give the Administration's proposals more delay than any other single aspect of the Bill, Mr. Ullman said he thought a satisfactory compromise could be reached without failing to meet the deadline raised by the Soviet Union's behaviour towards its Jewish citizens wishing to emigrate.

Congressman Ullman said he agreed with the Administration that the strengthening of world peace depends on an expansion of trade with the eastern bloc. He hinted that some guarantee that Soviet treatment of people wishing to emigrate would not fall below a certain standard might provide a way out of the problem, but said that past experience, on top of the Soviet authorities' recent attitude towards Alexander Solzhenitsyn, Andrei Sakharov and other dissenters made it far more difficult for Congress to look for a compromise.

President Nixon, in his message to Congress yesterday, said the Administration still regarded most-favoured nation status for the Soviet Union as an essential and integral part of the trade Bill. However, senior officials in the White House concerned with the strength of Congressional opposition have hinted that the Administration might be willing to drop it in order to get a negotiating mandate for the multilateral trade talks, and to reintroduce it as a separate piece of legislation at a later time.

## FTC oil quarrel develops

BY NICHOLAS COLCHESTER, U.S. FINANCIAL CORRESPONDENT

NEW YORK, September 11.

CURIOUS argument has developed between the Federal Trade Commission and the Treasury Department, two arms of the U.S. Government, over the merits and demerits of the important anti-monopoly complaint brought against the eight largest U.S. oil companies by the FTC.

To-day Mr. James Halverson, the director of the FTC's Bureau of Competition, roundly rejected the Treasury Department's criticism of the FTC's action stating that the Treasury did not understand the action and lacked "complete and relevant data."

These remarks were part of a letter sent by Mr. Halverson to Treasury Under-Secretary William Simon, the official who last week issued a 63-page critique of the FTC's complaint, concluding that it was inaccurate, biased and misleading.

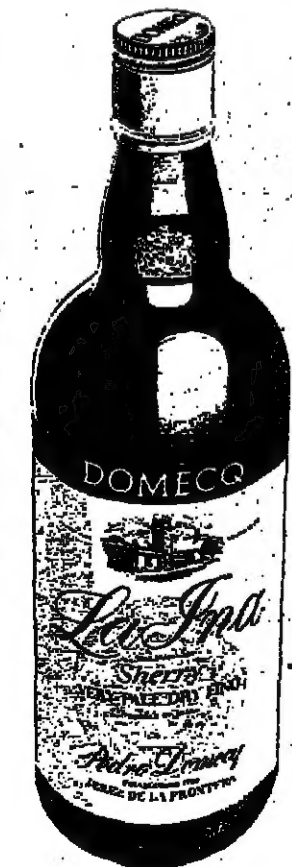
Mr. Simon heads President Nixon's Oil Policy Committee, the body that wrestles with the problem of the evolving energy crisis. His arguments last week echoed those of the industry in maintaining that the FTC is incorrect in imagining that the shortage of petrol that has been felt in some parts of the U.S. this summer and the dearth of heating oil that is forecast for this winter are the result of "unfair anti-competitive actions on the part of the major oil companies." The real reason, said the Treasury Department, was a combination of Government laws and policies to which the oil industry was merely reacting.

Mr. Halverson to-day answers that the FTC never accused the oil companies of causing an energy shortage but rather that it used an existing shortage by manipulating it to the competitive disadvantage of independent oil refiners and marketers.

"The issuance of the complaint by the FTC will," he continued, "be subject to public examination for the first time data which go beyond summaries compiled by the industry and will subject the operations of the industry to vigorous examination of adversary proceedings."

Observers are puzzled as to why the two agencies have chosen to wax so vocal on this matter but most comment that this overt argument is in the oil companies' interest as the industry appears something of a pawn in a bout of competitive reputation-building between Government officials in Washington.

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## Last Canadian rail strikers return

VANCOUVER, Sept. 11.

RAIL WORKERS in Vancouver, who defied Federal back-to-work legislation for 10 days, began returning to their jobs to-day.

The workers, the last to hold out in the nationwide rail strike, said that if any union member receives "so much as a 10 cent fine," because of the hold-out they will walk off the job again.

Six union members were served with summonses on the week-end for defying the September 1 legislation. All of the cases were postponed on Monday when the six appeared in a Vancouver court. Rail workers in other parts of the country returned to work last week. The expected trains to begin clearing up the backlog immediately, cover voted on Monday to UPI.

## Hopes rise of averting Chrysler strike

DETROIT, Sept. 11.

THE UNITED Auto Workers (UAW) and Chrysler in their efforts to avert a strike on Friday, bargained late into the evening yesterday for the first time since their talks started in mid-July.

The evening sessions involved three sub-committees that sought to resolve differences over the costs of certain fringe benefits. It followed extended sessions during the day by a super-sub-committee, composed of senior negotiators from both sides. All of the developments were interpreted in Detroit as an encouraging sign.

Apparently Chrysler still has not given the UAW a complete, formal response to the detailing of demands by top union negotiators in the "super" sub-committee last week. Such a full response, indicating a major improvement over the initial economic offer Chrysler made three months ago, is still expected, however. It is considered vital to any final effort aimed at averting a strike.

Yesterday's sessions, concentrating on costs, were viewed as a prelude to such an offer and seemed to hearten union representatives.

AP-DJ.

Demand for mortgages in the U.S. has not been checked by rising interest rates. But as Candace Cuniberti reports from New York, funds are beginning to dry up

## Hard times for home buyers

THE U.S. GOVERNMENT would like to make a few well-placed pin pricks in the ballooning economy—just enough to let off steam, but not bring on a collapse. Inflationary fatalism seems to be the order of the day, however, and that makes the Government's job even more difficult. People are adjusting to the cost of inflation and seem to be willing to cope with the rising interest rates which inflation brings.

In the home loan field money has been scarce for the past two months, and the interest rate on mortgages has risen to 9 or 10 per cent. on prime property loans—a rate not seen since the early 1930s. Bankers expected, even hoped, that the rate rise would discourage borrowers and take some of the pressure off the mortgage markets. Instead, home loan demand, which had been heavy during the first quarter of the year, continued unabated. Discouraged bankers suggested that perhaps another round of interest rate rises might do the trick.

## A repeat performance

"Disintermediation" is the problem, they claim. That is a banking term coined in 1966 when customers withdrew their savings and bought Treasury Bills or Federal Funds themselves, so that deposits were depleted. The banks ceased to be an intermediary in the market. To-day the same thing is happening again. In July, Savings and Loan Associations had net savings outflows of \$313m.—not nearly the level of \$1,100m. of July 1969, or the \$1,500m. of July 1966 when the country was in the throes of a similar credit squeeze. But still it has been enough to make the S and Ls the major source of mortgages, hard up for cash. Estimates have placed the August savings out-

flow at over \$1,000m., which some fear may dry up the market completely.

Oddly enough, the housing market has not responded in as dramatic a fashion to the mortgage money crisis. Housing starts in July hit an annual rate of 2.3m. units, only slightly below the January record, and prices still seem to be holding firm. Forecasts for the rest of the year and for 1974 are not nearly as bright, with the annual rate expected to drop to 1.5m. units before the market bottoms out.

To alleviate the pressure on the S and Ls, the Federal Home Loan Bank Board recently permitted them to offer more large certificates of deposit with no interest ceiling to their customers. Previously large companies—those of \$100,000 or more—were limited to equivalent of 5 per cent. of savings deposits. Now the thrift institutions are allowed to have 10 per cent. of the deposits in large companies. Earlier the Board had reduced the "cash reserves" which S and Ls were required to keep, and permitted higher interest rates to be paid to savers—including a four-year Savings Certificate with no interest rate ceiling—all in an effort to keep funds available to the mortgage market.

## Lifting the ceiling

In a special session the Republican-dominated Assembly joined the Senate in lifting the ceiling on the State's Banking Board permission to raise the legal limit to 8 1/2 per cent. after public hearings. The Banking community was understandably disappointed, and felt that a more realistic figure would have been 9 per cent., especially since forecasts suggest that the prime rate might well go to 10 or even 10.5 per cent.

With credit tight and banks having to turn down their customers' loan applications, the commercial banks put some of the blame on the Savings and Loan Association, and the S and Ls point accusingly at the commercial banks. The commercial banks suggest that if the thrift institutions were not so hard pressed for cash, if their

deposits were not flowing into other more lucrative areas of investment, there would be less strain on the mortgage markets.

The savings banks, on the other hand, while admitting that they are hard pressed for funds, point out that if the commercial banks were not so pressed to make loans to large businesses, they would have more money for home loans, and thus could ease the credit crunch.

## Different functions

Both groups are hoping for favourable reviews from the House and Senate banking committees which will soon be considering the President's proposals for sweeping changes in the banking system. Based on the Hunt Commission report, the White House package, among other things, would phase out interest rate ceilings on savings deposits. These have been a special trial to the S and Ls which rely almost exclusively on savings deposits for their funds.

Under normal circumstances, S and Ls have ample funds available for home loans because they are permitted to give their depositors a slightly higher rate of interest on savings accounts than the commercial banks. But where commercial banks can make all manner of loans, the S and Ls generally speaking, can only lend money for mortgages. In practice, then, the S and Ls give more mortgages and at a lower rate of interest than do the commercial banks, which have so many more attractive outlets for their funds, than a 30-year investment at a fixed rate of interest. Mortgage rates in the U.S. are not flexible, and are assigned for the duration of the loan. The new proposals would permit S and Ls to offer cheque book accounts, credit cards and other customer services which have previously

been the exclusive domain of the commercial banks.

In addition the thrift institutions would be allowed to offer consumer loans and invest in corporate bonds and commercial paper. At present the S and Ls are severely restricted in their scope to lend and to invest.

The end result of the White House proposals is to place the commercial banks and the S and Ls on a more equal footing. The commercial banks have been rather less enthusiastic about these controversial proposals. They almost unanimously claim that customers and non-customers are given the same consideration on home loan applications on a first-come-first-served basis. They seldom fail to point out that the savings banks are less equitable, often refusing to lend to people who do not save with them when the credit gets tight.

## Help for customers

The banks note that even though money is costing them several percentage points more than they are able to charge their customers, they are trying to meet the mortgage demand. As a spokesman for First National City Bank phrased it: "A consumer bank ought to serve the consumer. A home buyer is a good prospect for other services and a good long-range prospect for the bank. Therefore it is important to help him even though credit is tight."

When the debate begins on the White House proposals—and some suggest that the House Banking Committee, chaired by a Texas Democrat, Mr. Wright Patman, will demand tougher regulation of the banks in general—the commercial banks want to be remembered as the good guys.



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## EUROPEAN NEWS

## NORWAY'S GENERAL ELECTION

## Hollow 'victory' for Labour

BY FAY GJETER

OSLO, Sept. 11.

NORWAY'S Labour Party suffered a humiliating defeat in the Parliamentary elections yesterday.

The share of the poll fell to 35.5 per cent, from 46.5 per cent. In the last General Election, four years ago, it now looks like getting only 62 seats in the new, 165-member Storting (Parliament) compared with 74 out of 150 in 1969.

Despite this result—the price the Party had to pay for its support of Norwegian EEC membership a year ago—it is virtually certain that Labour will form the next Government, replacing the present "mini coalition" of Centre Liberal and Christian Peoples Parties. This is because many voters who deserted Labour went over to the new anti-EEC Left Alliance (of Communist, Socialist Peoples' Party and Independent Socialists).

The Alliance scored a resounding success, well ahead of all opinion poll forecasts, winning 76 seats and 11.2 per cent of the popular vote. This gives Labour a majority of one over the six non-Socialist Parties.

**Very close**

The race between the Socialist and non-Socialist camps has been very close, however—closer than any election since the war. The task of counting the votes has been complicated by the many Parties contesting the election—about half a dozen newcomers in addition to the seven already represented in the Storting.

This has meant that in many constituencies seats have been lost or gained by margins of a few hundred votes—in some cases of a few dozen. When

Norwegian TV closed down its election night programme, in the small hours of this morning, the Socialists seemed to have won. Then a count of postal votes in one district swung the balance in favour of the non-Socialists. An hour later, the position had again reversed, and so it went on. Since then, when the Socialists once more regained their one seat lead, the recounts and returns of postal votes that have been trickling in have not altered the situation.

## Budget

Barring further surprises, the Storting should look like this (1969 figures in brackets): Labour 62 (74), Left Alliance 16 (zero), Anders Lange's Anti-Tax Party 4 (zero), Conservatives 29 (unchanged), Centre (Farmers) 21 (20), Christian Peoples' 20 (14), Liberals 2 (13) and New Peoples—the pro-market break-away from the Liberals—1 (zero).

Given a Socialist majority—even of one seat—the Labour Party leader, Mr. Trygve Bratteli, has said he is willing to form a new Government. The change-over will come soon after the Storting reassembles, on October 1.

Mr. Bratteli said last night that in the event of a Socialist victory, his Party would have to confer with the outgoing "mini coalition" about presentation of the budget for 1974. The coalition, budget proposals are already drafted, ready to be presented to the Storting. The Labour Party will probably want to make some changes, if it has Norway's fishing limits.

Mr. Bratteli, however, has insisted that a Labour Government will not take orders for either Left or Right. It will follow its own programme, seeking

SPP, the jubilant chief spokesman for the Left Alliance, agrees that a purely Labour Government should take over. Both he and the Labour leaders reject the idea of a Labour/Alliance coalition, in spite of the strong position



Mr. Trygve Bratteli  
...orders from no-one

tion the Alliance will have in the new Storting.

Interviewed this afternoon on Norwegian Radio, Mr. Gustavsen said the new Government "won't be a Socialist Government, it will be a Labour Party Government which we shall try to push in a Socialist direction." He said his group would push hard on several issues it regards as vital, among them a cut in defence spending, the abolition of VAT on food and an extension of Norway's fishing limits.

Mr. Bratteli, however, has insisted that a Labour Government will not take orders for either Left or Right. It will follow its own programme, seeking

support from other parties from issue to issue.

Many non-Socialist political leaders are so appalled at the success of Mr. Gustavsen and his Alliance that they may well pull their punches, in Opposition, in order to avoid pushing Mr. Bratteli further to the Left.

In the non-Socialist camp, the Christian Peoples' Party of Prime Minister Lars Korvald made the biggest gains, increasing its parliamentary strength from 14 to 20 members. Its success partly reflects the appeal, in a permissive age, of the Party's slogan: "rally around the basic values."

## 'Bury' EEC issue

The CPP's announced willingness to "bury" the EEC issue and broaden the mini coalition after the election in the event of a non-Socialist majority, probably also appealed to many anti-Socialist voters.

The Conservative Party, Norway's second biggest, maintains its representation in the Storting unchanged at 29, though its share of the popular vote fell back by about 2 per cent, mainly as a result of losses to the anti-tax party. Mr. Lange's harvest of four seats in the Storting is larger than forecast, though his share of the vote, at 5 per cent, is about what the polls predicted.

The Party's unusual programme—its sole aim being a big reduction in taxes and public spending—will preclude its inclusion in any coalition either of the Left or Right.

The old Liberal Party, which split down the middle over the EEC issue, has been almost wiped out in this election. Its two factions (the Liberals and the NPP) together secured three seats against 13 in the outgoing Storting.

## Lynch plans to stay on as Fianna Fail leader

By Dominick J. Coyle

DUBLIN, Sept. 11.

MR. JACK LYNCH, the former Prime Minister, has asserted quite categorically in a statement published here today that he intends remaining on as leader of the Fianna Fail opposition in the Dail (Parliament) and hopes to lead the party successfully back into Government following the next General Election.

This seemingly unambiguous commitment to continue in Irish political life comes before a general meeting here to discuss the Fianna Fail Parliamentary Party and contrasts markedly with an earlier statement by Mr. Lynch saying that he did not intend resigning "at this juncture."

## Littlejohn

His earlier comment had itself followed widespread speculation here that the former Prime Minister was giving serious consideration to quitting the leadership, speculation which he himself had directly—and presumably intentionally—initiated in the wake of the now celebrated Littlejohn spying affair.

Mr. Lynch admitted to what he saw to be a "serious" lapse of memory on his part as Prime Minister in failing to recall a report last January from the Irish Ambassador in London which, according to the new Government here, contained a year admission by the Foreign Office of direct British involvement with the Littlejohn brothers.

The whole affair must inevitably undermine Mr. Lynch's credibility as leader of the opposition, both publicly in the eyes of the electorate and privately within Fianna Fail ranks where many members have not become accustomed to Parliamentary opposition following 16 continuous years in Government.

Mr. Lynch is believed to feel that the Parliamentary party, which with 69 deputies is still the largest grouping in the Dail, should be giving at least tentative consideration to the question of a new leader. The fact that he has now been virtually forced by intense party pressures to make a firm commitment to continue in office is itself an indication that Fianna Fail is rather bankrupt when it comes to leadership potential—or certainly to a replacement for Mr. Lynch who would command anything like unanimous backing within the Parliamentary Party.

## Prime asset

What the Fianna Fail leadership question amply demonstrates is that Mr. Lynch remains the party's prime asset in electoral terms, even those members of the party who are less than enthusiastic about his leadership would acknowledge that it was his personal popularity with the electorate which prevented Fianna Fail from being routed in the general election earlier this year.

Mr. Lynch, who is now 56, has responded to party pressure to continue as leader. The next general election is unlikely to take place before 1976 at the earliest, assuming no fundamental split in the present National Coalition Government under Mr. Liam Cosgrave, and a second electoral defeat then for Fianna Fail would undoubtedly result in Mr. Lynch's resignation.

Meanwhile, few political observers here will be altogether surprised, if, despite today's assurances, Mr. Lynch should in fact bow out of the Fianna Fail leadership before the next general election. His public position apart, he still appears to be telling his own party that it had better sort out its internal differences and think seriously about its electoral future.

## Nine's Ministers confident Nixon visit will go ahead

BY LORELES OLSLAGER

COPENHAGEN, Sept. 11.

FOREIGN MINISTERS from the nine Common Market countries wound up two days of political consultations today fairly confident that they are heading towards a period of improved relations both with the U.S. and within the Community. Expectations were high that President Nixon will react positively to the proposals for U.S.-Community relations worked out here yesterday and that he will now definitely decide to come to Europe in the autumn.

Mr. K. B. Andersen, the Danish Foreign Minister and chairman of the political consultations, told a Press conference he thought the Europeans had given a "very positive answer" to the various U.S. calls for a review of the Atlantic relationship. This answer is in the form of a draft declaration laying down principles for this relationship which will be transmitted to Washington for consideration as soon as the Nine have finished the last stage of economic and monetary union, had cast a feeling of general gloom and led to predictions of a serious crisis in the Community this winter.

While the Franco-German quarrel has been shelved, at least for the moment, all the other problems remain on the table. But many officials were hopeful that the general good-

reporters he was confident that President Nixon would come to Europe. First American reactions to the Community proposals had been positive.

Some officials privately conceded that the European draft as it now stands does not amount to much more than generalities, but the fact that the Nine—after months of French resistance—could make up their minds to make a common gesture towards the U.S. is in itself considered important progress.

**Positive reaction**

The euphoria of the successful meeting here is also spilling over to Common Market affairs proper, which were generally considered to be in a very poor state this summer. The Franco-German dispute, which started over the reform of the Common Agricultural Policy, and the prospects of indefinite nagging over the proposed European regional fund and the second stage of economic and monetary union, had cast a feeling of general gloom and led to predictions of a serious crisis in the Community this winter.

While the Franco-German quarrel has been shelved, at least for the moment, all the other problems remain on the table. But many officials were hopeful that the general good-

will and understanding which characterised the Copenhagen meeting, and in particular the remarkably cordial atmosphere between Britain and France, will improve the climate for the internal EEC negotiations ahead.

At his Press conference, Mr. Andersen stressed that the Nine wanted to be flexible towards the U.S., particularly as far as procedural arrangements for President Nixon's visit were concerned. They had made no plans yet in what form and where the President should meet the Nine as a group, and how the declaration should be signed.

France is said to feel that as things stand at the moment the declaration could be signed by the individual Community member states, but French sources also indicated that their Government might agree to a representative signing for the Nine as a whole if things go well.

There were conflicting reactions to reports from Washington that Dr. Henry Kissinger, the Secretary of State designate, had expressed the hope that in addition to the declaration between the Community and the U.S. and a separate one on defence to be worked out in NATO there should be a third, more general declaration to which Japan might also subscribe.

Editorial Comment Page 18

## Revised rescue plan for Lip outlined

BY GILES MERRITT

PARIS, Sept. 11.

M. HENRY GIRAUD, the Government-appointed negotiator in the protracted Lip talks, has at last outlined his compromise proposal for the company's future.

Representatives of the 1,300 disident Lip workers were to-night still considering his proposals, but no decision has yet been announced.

The "rescue plan" outlined by M. Giraud is an ingeniously reshaped version of the scheme originally put forward by industry Minister M. Jean Charbonnel. At that time, almost two months ago, the Lip workers promptly rejected it because it involved the splitting up of the bankrupt watchmaking concern into four separate operations as well as substantial redundancies.

The revised plan splits Lip into three operating groups, watchmaking, electronic defence equipment and machine tools, sible to get.

but these will work under the umbrella of an overall Lip holding company. The question of redundancies has still not been completely ironed out.

With the Lip crisis now nearing its fifth month, both sides are clearly eager for a settlement, and M. Giraud is hoping that a number of other employers in the Besancon area will step in with financial aid to launch the new venture and cut down redundancies.

If that is the case, then there is a strong chance that the men who have been locked-out of the Besancon factory since the police moved in nearly a month ago and they may well decide the compromise rescue plan comes as close to their terms of returning to the situation that existed before Lip became bankrupt as it is possible to get.

## 'Good progress' in Cyprus reconciliation talks

NICOSIA, Sept. 11.

THE CYPRUS inter-communal talks resumed here today after being suspended for over a month and negotiators from both sides reported good progress towards a reconciliation.

The Greek Cypriot negotiator, Mr. Glafkos Clerides, said much progress had been made today but certain points still needed clarification.

Mr. Clerides and his Turkish Cypriot counterpart, Mr. Rauf Denktaş, met at the request of their constitutional advisers, who are trying to find a formula for reconciling the divided communities under a reunified central government after a 10-year separation.

Mr. Clerides said the two advisers—Mr. Michael Dekleris of Greece and Turkey's Mr. Orhan Aldikacti—had asked for clarification of "vagueness" in their terms of reference.

As the negotiators were assembled in the House of Representatives, a bomb explosion 300 yards away destroyed a car and seriously injured a Greek Cypriot policeman.

## Soviet Georgia Minister fired

MOSCOW, Sept. 11.

SOVIET GEORGIA'S Minister of Local Industries was today reported to have been sacked in an apparently continuing purge of top officials in the free-wheeling Caucasian Republic.

A brief announcement in the Georgian Communist Party newspaper Zarya Vostoka said simply that the Minister, Mr. Magriya A. Megrelishvili, had been "transferred to other work." He was believed to be the latest casualty in a sweeping reshuffle of the Republic's government and party machinery which began early in 1972 and reached a peak just under a year ago when the party chief, Mr. Vasil P. Mzhavanadze, was dismissed.

## Boardroom reforms to go ahead in France

By Giles Merritt

PARIS, Sept. 11.

THE FRENCH GOVERNMENT is to press ahead with legislation giving workers a vote in the boardroom despite objections being raised by both employers and trades union leaders.

To date, worker participation in French management has been restricted to the "comité d'entreprise," or works council level, first introduced by General de Gaulle in 1945. But under the forthcoming law, employees' representatives will be given four seats on their company's comité d'administration.

At present, French management boards of this type are made up of 12 members (but the Justice Ministry now in charge of drafting the Bill is undecided on whether or not to leave it at that and give workers a one-third vote. It is possible that it may enlarge the comité d'administration structure to include 16 seats).

A second detail which has yet to be decided before the Bill is presented to the National Assembly early next year is the system by which workers' representatives will be elected to the Boardroom. The choice lies between leaving it to the works councils or calling special elections within the company.

## New Bordeaux wine probe

BORDEAUX, Sept. 11.

CUSTOMS AUTHORITIES are checking the stocks of a Bordeaux wine house suspected of holding millions of gallons of cheap imported wine for sale off as quality Bordeaux.

Customs sources said today that up to 100m. bottles of wine are said to be involved in the Customs inquiry.

A major scandal last month broke out here when the Government pressed an investigation into the alleged doctoring of quantities of white wine to make it appear red. A judge has been appointed to investigate the affair.

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## EUROPEAN NEWS

Cholera: renewed concern  
as more cases reported

BY PETER TUMIATI

ROME, Sept. 11

THIRD CASE of cholera has occurred in the Rome area. It occurred in a young labourer of the market who is stated to be a carrier of the disease because of his appearance not being affected by it himself, examinations he had been subjected to or something quite different) revealed the presence in his testicles of the cholera microbe. The man and his family have been moved to Rome and placed in quarantine in hospital. It is said that he may have been infected in handling cases of cholera coming from the Naples area. He is reported not to have eaten shellfish, which are being blamed for the cholera epidemic.

In Cagliari, Sardinia, the number of confirmed cholera cases has risen to 12. A private clinic has been requisitioned to be used as a quarantine station for the relatives of cholera patients. The Naples and Bari authorities have appealed to the local population to submit to a second inoculation against cholera. In Naples, at least nine people who had been inoculated once contracted the disease all the same.

The cholera outbreak is continuing to be a source of grave concern here and its economic repercussions are being felt even in areas where no cases of cholera have been reported. The Naples authorities have cancelled all public celebrations due on September 18 and 19 for the patron saint of the city, Saint Januario. In Bari, it is feared that after the postponement of the opening of the international Levant Fair from September 7 to 22, this year's fair will now be cancelled.

Its management said to-day that a final announcement will be made before the end of the week. Both in the case of the Naples festivities for Saint Januario and the Bari fair, the authorities want to avoid the formation of crowds as they could contribute to spreading the cholera epidemic.

The fishing trade, as well as all activities connected with tourism, has been dealt a serious blow by the cholera scare. The ban on the sale of shellfish, as the main cause for the outbreak, has been mistakenly associated with all kinds of fish. In Genoa, for instance, the average daily sale of fish has dropped from 20 tons to less than 2 tons. In all Italian fishing ports, not only those of the South, fishing boats and trawlers have stayed in harbour because there would be no buyers for their catches.

Success  
in slowing  
Italian  
inflation

By Anthony Robinson

THE ITALIAN Government's three-month price freeze announced on July 24 appears to have scored a limited success in at the cost-of-living index went up by 0.80 per cent in August, which is less than the rate of 1.1 per cent in the preceding months. Rises averaging around 0.5 per cent per month over the previous 11 months, however, brought the index to a point 11.1 per cent above last August's.

The future course of prices, indeed the success of the freeze, is a delicate matter. The Government has announced a package of economic measures to follow on the Phase One price freeze, as well as an extremely delicate package of measures to deal with the first major confrontation with trade unions in the public sector.

Unions representing some 30,000 State railway employees and a similar number of railway workers are demanding a flat 1.40,000 per month rise in wages and a 1.10,000 per month rise in railway pensions and other improvements. The Government will not be able to concede this without going over a self-imposed budget deficit.

Like the negotiations for postal and telephone workers, now reaching their conclusion, the railway workers' claims are outstanding ones which have been postponed. At this stage the Government seems to be prepared only to raise minimum salaries by 1.40,000 and is reluctant to offer any promises to the pensioners.

The threat of a railway strike which is hovering in the background clearly represents a danger to the new-found dynamism of Italian industry which registered a 15 per cent rise in output in July. Substantial improvements for the railwaymen could almost certainly set off a chain of similar requests from other sectors of the vast public service sector. It is to avoid such leaping that the Government is trying to get the railwaymen to accept increases in line with those agreed several months ago with other State employees.

Italy acts to curb  
widespread  
evasion of VAT

BY ANTHONY ROBINSON

ROME, Sept. 11

AGAINST the background of a considerable shortfall in receipts from the value added tax introduced at the start of this year, Finance Minister Emilio Colombo has announced tighter control measures to check widespread evasion.

The Minister is policing the new tax have been complicated by the mass exodus of many civil servants and tax experts in the Ministry following the recent bureaucratic reform measures, which allowed early retirement on a golden handshake basis to over 6,000 senior civil servants.

However, stricter and more systematic controls over the administration of the new tax and the discovery of the principal forms of evasion before they become hardened into a habit have now been worked out involving the Guardia di Finanza, an elite corps of fiscal and customs police.

Estimates of the amount of evasion issued by the Ministry show that over the first seven months of this year VAT revenue was Lire23,700m. (about £200m.) below estimates. This was in spite of a rapid rise in prices and of industrial production during this period which should have boosted tax revenues automatically.

Significantly, VAT revenue imposed automatically on imported goods and the products of the State monopolies such as tobacco and salt rose Lire153,200m. above estimates. The amount of tax raised on domestically produced goods, however, fell Lire476,700m. below estimates.

The tougher control measures now proposed are aimed at reducing this widespread evasion prior to going ahead with the partial tax amnesty which is now being prepared in order to clear the decks of outstanding contested direct tax cases prior to the introduction of the direct tax reform next year.

Belgian Cabinet approves  
Army reform plan

BRUSSELS, Sept. 11

THE GOVERNMENT approved an army reform plan gradually reducing conscription from 12 months to six months and splitting the forces into professional operation and conscripted protection wings. Defence Minister Paul Vanden Boeynants said to-day.

"The plan has still to be approved by the North Atlantic Treaty Organisation (NATO) and Parliament," he said, "but I am convinced that NATO will have no objections as it will definitely lead to a strengthening of the Belgian forces."

The plan was approved at a special Cabinet session last night and replaces an earlier project which provoked nationwide protest demonstrations from students because it called for cancellations of deferment for study purposes. The approved plan dropped this provision and proposes to curtail conscription time to six months in phases running until 1978.

Mr. Vanden Boeynants said the Government planned to examine other reform measures in the future like the limitation of conscription to one son per family. The plan puts the operation force at the disposal of NATO under Belgium's obligations to the alliance. They will be mainly composed of intensively trained and highly-skilled professional soldiers serving from two to nine years, with options to re-enlist. They will be mainly stationed in West Germany.

The protection force will be in charge of vital points, communications and defence of the population in the home country. Because this requires less specialisation, the plan envisages that conscripts could be trained adequately in a period of six months.

Defence sources said extra expenditure resulting from the new plan was estimated at around \$25m. because of savings expected to accrue to the national economy from the earlier return of conscripts to civil life.

Referendum  
system pledge  
in Turkey

ANKARA, Sept. 11

TURKEY'S Conservative Justice Party to-day announced that if it scored a big victory in next month's general election it would introduce a French-type referendum system.

Vice-chairman Ismet Sezgin told a Press conference here that the party, winners of the last elections, was aiming for a two-thirds parliamentary majority so that it could make important constitutional amendments.

These included the introduction of the referendum system to test public opinion on key issues and the abolition of the appointment of 12 senators in parliament, Mr. Sezgin said.

Anti-cancer  
vaccine  
study

STOCKHOLM, Sept. 11

A GROUP of research scientists at Sweden's Karolinska Institute say they have discovered evidence that it may be possible to produce a vaccine against cancer.

The group, which includes Nobel prizewinner Professor Hugo Thorell and Dr. Ibrahim Nakhli, an Egyptian scientist, presented their findings to a world chemistry congress here.

## BRANDT AND THE SPD

## A way strewn with pitfalls

BY JONATHAN CARR IN BONN

CHANCELLOR WILLY Brandt to-day holds his first major press conference for almost a year and has announced in advance that he wants to talk in particular about internal West German affairs. One reason for his choice of this subject may well be that he is out to disprove the oft-repeated criticism that his pre-occupation with foreign policy has led him to neglect matters at home.

Certainly he has recognised a growing feeling of disquiet in the country at large, partly because of open dissension within his Social Democratic Party (SPD), partly because of a belief that all is not well with the Government coalition. Herr Brandt said as much to the National Executive Committee of his party last weekend — only to add at once that there was no real cause for alarm. Now he will no doubt be out to pass on the same message to the press and hence to the country.

Beyond that his comments, and their effect, are being closely watched abroad. For the SPD is important not only for West Germany but for Social Democracy in Europe. Its success or failure is seen not only as the sign of the health of a party but of the viability of a cause.

To what can the current malaise be attributed? In part to the doldrums of a party long in office. There are many of the same old faces—and new ones, such as the Housing Minister Hans-Jochen Vogel, have not given the dynamic new image which had been hoped.

There is also the feeling that social reform has long been much talked about but that little concrete has so far emerged. And, of course, there is the rising cost of living—at almost 8 per cent a year—and the extreme reaction to it so far, the appearing on television and giving interviews. Then he seems almost to vanish. Presumably he is doing something, but it is not home they urge widespread figures up before the Parliamentary Committee probing political



Herr Willy Brandt who is to give a Press conference to-day.

lies with the style of Herr Brandt, both as SPD Chairman of course he is a father figure even though they would hate to admit it—to the radical Young German standards—and the most which he is delivering speeches, appearing on television and giving interviews. Then he seems almost to vanish. Presumably he is doing something, but it is not home they urge widespread figures up before the Parliamentary Committee probing political

phenomenon has often been the

subject of cartoons. But for a public which values so highly an orderly application to appointed tasks the impression is unsteady, as though the driver's seat were empty part of the time.

If Herr Brandt were a less impressive leader of party and country when he were active.

What particularly upset Herr Brandt was the JUSOS defence of the wildcat strikes. He had appeared on nationwide television as the strikes were ending, appealed for calm, said he felt unions and employers could not together and stressed the Government would stand by its programme to beat inflation.

But the JUSOS suggested the economic situation saved the unofficial strikers a reason for their action. Furthermore, they were supported by 34 SPD Deputies. Herr Brandt said such statements harmed the Party and he received a large majority for his view at the Executive Committee meeting. Shortly afterwards the JUSOS leader Wolfgang Roth — himself a committee member since April—repeated the JUSOS position.

Herr Walter Scheel's Free Democrat Party (FDP), which is in coalition with the SPD, has constantly warned of the danger from the radical left—not the JUSOS only but all SPD ultra-reformists. This is not to say the coalition is now in any immediate danger of breaking up. But in the last few months the Christian Democrat (CDU) position—with a new leadership since June—has responded its major attacks for the SPD.

Herr Brandt has clearly taken care not to upset clearly taking care not to upset a party which could become a potential Government coalition even more intense in the months to come.

One sign of strong differences has already appeared in the country's most populous state of North Rhine Westphalia. It is a federal level—strewn with pitfalls—for Herr Brandt and the SPD.

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- iii. Employers in Scotland registered with the Department of Agriculture and Fisheries for Scotland should claim refund from the Scottish Office Computer Service (SET), Government Buildings, Broomhouse Drive, Edinburgh EH11 3XD.
- iv. Employers who wish to claim refund of tax from the Department of Health and Social Security for part-time employees, employees aged 65 or over, domestic or nursing help in certain private households, or employees abroad, must return completed claim forms to DHSS, SET Repayments Office, Wardpark, Cumbernauld Glasgow, G68 0DG.

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## OVERSEAS NEWS

### Cairo summit discusses reviving eastern front

BY IHSAN HAJAZI

BEIRUT, Sept. 11.

THE EASTERN front against Israel and the role of the Palestinian guerrillas in it were among the five main subjects on the agenda of the tripartite summit conference in Cairo, according to the Egyptian daily Al-Ahram.

President Sadat of Egypt, President Assad of Syria and King Hussein of Jordan resumed their talks to-day.

Quoted by Radio Cairo, the well-informed newspaper listed the other three topics as the general Arab situation, chances of ensuring a common Arab plan of action in the Middle East, and co-ordination among the Arab States which are in direct confrontation with Israel.

Aside from the reconciliation with Jordan, the Cairo meeting, observers believe, brings Sadat to Phase Two of his campaign for an inter-Arab plan aimed at strengthening the Arab position in the conflict with Israel.

Phase One was in President Sadat's recent secret visit to Saudi Arabia, which was followed by the Saudi campaign, led by King Faisal, threatening to cut off oil to the U.S. if Washington did not revise its Middle East stance.

In Phase Two, observers see President Sadat seeking to secure stronger inter-Arab

military co-ordination against Israel. Jordan, with the longest ceasefire line with the Israelis, can play a major part in this co-ordination.

Hence the concentration on reactivation of the eastern front which, in effect, means closer military co-operation between Syria and Jordan and having King Hussein agree to the stationing in Jordan in future of troops from other Arab states.

Al-Ahram's report to-day suggested the question of the commando return to Jordan was being considered within the framework of reactivation of the eastern front. Informed sources here believe this indicated a compromise with Amman whereby the commandos would be considered part of the overall eastern front instead of being part of Jordan. But it is not yet clear what position the guerrillas would have in Jordan eventually.

The guerrillas have again expressed suspicion over the Cairo summit. An article in the weekly *Al-Fajr* at Thawra, which speaks for the Palestine Liberation Organisation, to-day warned the King Hussein was trying to trick Egypt and Syria into believing that he was changing his policy. All the king wanted,

the article said, was to get endorsement of his united kingdom plan for a federation between the east bank and the Israeli-occupied west bank.

The PLO publication accused Arab regimes of putting their own interests above that of the Palestine cause in seeking a reconciliation with Amman. Egypt and Syria were not mentioned by name, however.

On the other hand, the Lebanese daily *Al-Nahar*, in a special dispatch from Cairo to-day, quoted Syrian and Egyptian responsible sources as emphasising that commando approval of the tripartite summit conference had been obtained in advance.

PLO leader Yasser Arafat was quoted by the sources as having told President Sadat earlier this month the commando movement did not object to Egyptian-Jordanian reconciliation as long as this will not be at expense of the movement.

Meanwhile, Arab diplomatic sources here have been talking about a split inside the Jordanian regime regarding the Arab reconciliation. They said the reconciliation is backed by King Hussein and Prime Minister Zaid Rifai and opposed by Crown Prince Hassan and his uncle, Major-General Nasser Ben Jamil, a former Commander-in-Chief of the Jordanian Army.

### Iraq poison gas plan alleged

BY RICHARD JOHNS, MIDDLE EAST CORRESPONDENT

THE Iraqi Army is stockpiling Soviet-made poison gas for possible use against the dissident Kurds in the north of the country, according to the Kurdistan Democratic Party.

The allegation, for which the KDP claim to have irrefutable evidence, emerged at a closed meeting of the political committee of the Kurdistan Students Society in West Berlin last month which was attended by two members of the Party's Central Committee.

This serious charge coincides with the outbreak of fighting between the Iraqi Army and the Pesh Merga or Kurdish irregular forces. The renewed conflict was triggered off by the Army's occupation of a village called Asriya on the Syrian border on August 17 and has subsequently spread to the Kirkuk area. The Kurds claim that some 80 Iraqi troops, including a number of officers, have been killed.

The KDP says that the gas is of two kinds: one designed to penetrate the respiratory system causing fatal illness and another that can cause temporary unconsciousness for a period of 48 hours or more. It can be disseminated either by rocket or from the air.

KDP intelligence says that the gas is stored at the headquarters of Army's Second Division in Kirkuk and the Fourth Division in Mosul, as well as at the Taji base camp near Baghdad. It is added that eight Soviet advisers

have been supervising special training programmes in its use and that gas masks have been supplied for soldiers who may be called upon to launch it.

The new crisis in Baghdad-Kurdish relations has been brought about by a combination of factors, in particular the Government's attempts to pressurise the KDP into joining the National Front that was formed this summer between the ruling Baath Party and the Iraqi Communist Party. Its continued attempts to "Arabise" the oil-rich Kirkuk area in advance of the referendum that should have

been held under the March 1970 agreement to ascertain whether this Iraq, or province, should be part of the planned autonomous Kurdish region; and its failure to implement the accord.

Four KDP members were hanged by the regime in Baghdad last month, seemingly in retaliation against the KDP's refusal to join the National Front. When asked again to do so, the KDP presented a memorandum outlining in greater detail than before its ideas about the form which regional autonomy should take. It was rejected by the Government.

### Warm welcome for Pompidou in Peking

PEKING, Sept. 11.

PRESIDENT POMPIDOU flew into a flag-bedecked Peking to-day to begin a seven-day visit to China, the first by a West European leader.

He was greeted by Premier Chou En-lai and other Chinese leaders, including Wang Hung-wen, the youthful "star" of Chinese politics who was promoted to number three in the hierarchy at the recent 10th Communist Party Congress.

During his visit Mr. Pompidou will hold wide-ranging dis-

cussions with Chinese leaders. They are expected to discuss bilateral affairs, particularly in the economic and cultural fields, but Mr. Pompidou will also inevitably be regarded as a spokesman for Europe.

M. Pompidou will have talks with Chairman Mao Tse-tung and with Chou En-lai. The issue of European unity and defence is of vital interest to China because it believes the Soviet Union will be able to concentrate more troops on the Chinese border if there is détente in Europe.

## AFGHANISTAN

### In need of more aid

BY DAVID HOUSEGO RECENTLY IN KABUL

STUDENTS and young officers, the most politically conscious section of the Afghan population, are looking to the new regime for economic changes which would improve their lot.

President Mohammad Daud simply lacks the resources to carry out. The country is on the United Nations list of the 25 least developed nations. Over the last ten years economic growth and employment opportunities have scarcely kept pace with the yearly 2.3 per cent. increase of population and with the expansion of the labour force. Spurred by hostile deserts and mountain ranges, and with no outlet to the sea, Afghanistan has few natural advantages. But economic stagnation has also been due to inert leadership, the lack of an adequate administrative machinery, and corruption.

Foreign aid has not been used to the full. In the past for advice was largely responsible for planning errors. Funds that the Russians and the U.S. poured into the country in the late 1950s and early 1960s were absorbed by mammoth infrastructure projects, often of strategic significance to the donor, which made relatively little impact on living standards. From 1970-72 Afghanistan was struck by three successive years of drought, disastrous in a country where 85 per cent of the people live in rural areas and where agriculture accounts for 75 per cent of commodity exports (mainly livestock, hides and skins). Average income dropped to probably \$70 a head. Development expenditure was cut last year to 21 per cent below what the government had expected, and this year's budget envisages another cut of 13 per cent.

A decline in exports and foreign assistance coupled with the expansion of imports and heavy debt repayments transformed a balance of payments surplus of \$11m. in 1971/72 into a projected deficit for 1973/74 of \$15m. The debt servicing ratio is now about 27 per cent, but could rise to 40 per cent. Notwithstanding this dismal performance, there were some hopeful signs for the future when the army coup came on July 17. The wheat harvest this year, after the snows of last winter, is likely to be about 3m. tons, giving Afghanistan a surplus in her single most important crop for the first time since the early 1950s. Private investment, mainly in small-scale handicraft industries, has been pushing ahead, so that there are now about 50 plants employing 6,000 people. Under the premiership of Mr. Musa Shafiq plans were afoot for reorganising a number of ministries, increasing the revenue from taxation and cutting the deficit on public enterprises. The Planning Ministry was committed to an annual evaluation of projects and a review of the progress and priorities of the Fourth Five Year Plan in the light of available resources. In the face of the extensive interests of the royal family and the conservatism of the Parliament, good intentions could have come to naught, which may have been one of the reasons that prompted the army to step in.

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cent, and the country be self-sufficient in wheat.

Under President Daud various changes are expected. It is thought that he may decide to launch a reinvigorated Planning Ministry (which already has among its members some of the brightest of the country's too few technocrats) a power of veto over the other ministries. He himself held the planning portfolio in his last years as Prime Minister before his resignation in 1962. Some of the young Russian-trained officers also favour a centralised economy. If that is to be the pattern, the new regime could enforce it. At the moment the planning ministry has Russians and West Germans.

So far President Daud's Government has given few indications of the adjustments it wishes to make in the Plan. He personally seems to favour an agricultural programme that would concentrate on developing the most fertile regions such as Badkhash in the north east, at the moment a major poppy growing centre. In this he could expect aid from western nations to provide the funds for crop substitution if he believed the new regime could enforce it. At the moment narcotics are estimated to account for 10 per cent of Afghanistan's foreign exchange earnings.

The Minister of Education, Dr. Namatullah Pashwa, is rightly anxious to see an increase in the number of vocational colleges as being in tune with the country's manpower needs and to prevent overcrowding in the universities. Likewise Mr. Ghousuddin, the Minister of Public Works says his department intends to extend the housing scheme for Government employees. But the shortage of funds (the projected budget deficit for 1973/74 is Afghanis 800m.) leaves the new regime with little leeway to make major changes or introduce new projects. At the best about \$500m. a year could be won with a more efficient tax collection system and a crackdown on the more obvious forms of evasion. In the short run major new sources of domestic revenue are hard to

Foreign aid declined from an

### Laos pact 'will be signed this week'

VIENTIANE, Sept. 11.

THE LAOTIAN Prime Minister, Prince Souvanna Phouma, said to-day a political and military agreement with the pro-Communist Pathet Lao would be signed "this week."

Prince Souvanna was speaking to a group of young Laotians from several political parties.

At the end of July the two sides appeared on the verge of full agreement on political and military problems, as called for by the February 21 ceasefire accord which formally ended more than a decade of war in Laos.

But the talks were deadlocked after former Laotian officers living in exile in Thailand staged an abortive coup against Prince Souvanna three weeks ago.

For some time the Prime Minister has been under pressure from the Laotian right which fears that the agreement makes too many concessions to the Pathet Lao, especially in military aspects.

Last week, the Pathet Lao apparently to put pressure on Prince Souvanna to sign - said there could be no further negotiations and published what they said was a draft agreement reached with his Government.

The draft covered formation of a coalition Government, with portfolios equally divided between the two sides, and of political control which was to be exercised by both sides.

The agreement would also provide for neutralisation of Vientiane and the royal capital of Luang Prabang, and militia representation of both sides in these cities.

### COMMONWEALTH MPS MEET IN LONDON

By Bridget Bloom

THE FIRST Commonwealth Parliamentary Association conference to be held in London 12 years will be opened at Westminster Hall this morning by Queen and the Duke of Edinburgh. Over 200 Ministers and MPs are attending.

Represented are parliaments as diverse as Australia, St. Helena and Gibraltar - the Commonwealth Parliamentary Association's members come not only from independent Commonwealth countries but also from British dependencies, which are to be particularly well represented this time. Only Nigeria, Ghana and Uganda - with military regimes - and Swaziland, whose constitution is currently in abeyance, are not members and will therefore not be represented.

There will be 12 sessions stretched over nine days. Discussions - open to the public at Church House, Westminster - are expected to cover relations between the Commonwealth and the enlarged European Community, intra-Commonwealth trade and monetary affairs, immigration, the future of the Commonwealth's smaller members and - more gradually - the future of parliamentary government.

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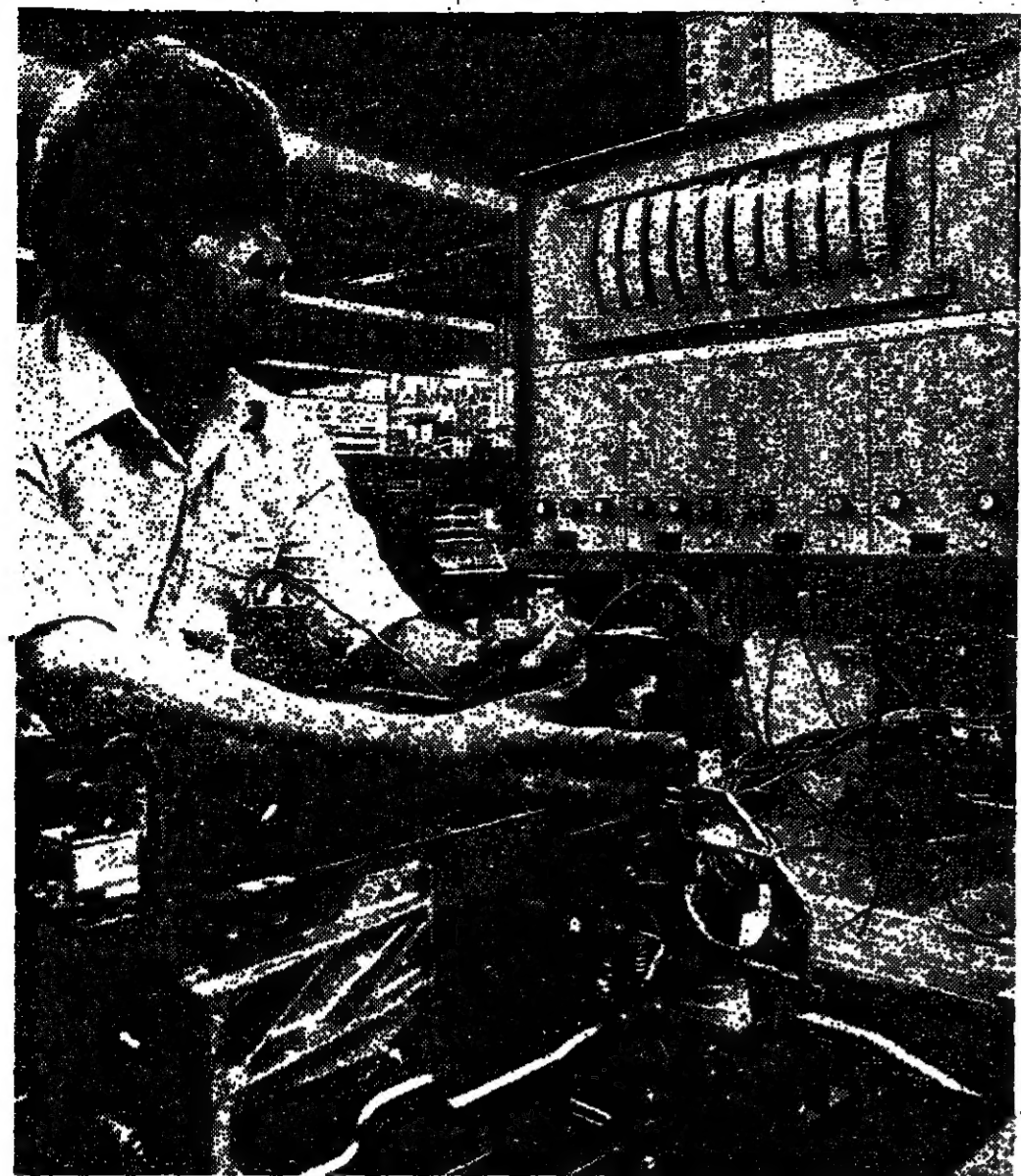




# The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

## OFFICE EQUIPMENT



At Venray in Holland, a complex piece of gauging equipment is used to ensure that the upper and lower halves of the Xerox 3100 are perfectly aligned during assembly.

## Faint originals copied clearly

LATEST in the second generation of copiers announced yesterday in Paris by Rank Xerox, the Xerox 3100, is a compact flat-plate copier particularly suitable for the smaller user, and for decentralised copying in large organisations.

The 3100 is extremely simple to operate, and the controls, all of which are self-explanatory, have been kept to a minimum. It is very quiet, and can be used wherever an ordinary 13 amp power point is available. A wheeled stand enables the machine to be moved from office to office, and provides useful storage space. Whatever the

original, copies are of high quality, with good contrast. A magnetic brush developing system ensures consistent results whether the originals are black and white or coloured, typed, written or drawn, solid blacks or half-tones.

Aligning an original on the flat-plate is easy, since it is only necessary to place it face downwards in the top left-hand corner. The document can be any size up to 8½ inches by 14 inches (21.6 cm by 35.6 cm). Any number of copies up to 99 can then be selected on a dial, after which the print button is pressed.

The first copy is delivered in eight seconds, subsequent copies being made at the rate of 30 per minute. A "Stop Print" button enables the machine to be halted during a print run.

If the original document is faint, or contains a colour which is difficult to copy, such as light blue found in carbonless copy paper, it is only necessary to press the "Print Light Original" button at the beginning of the run. The 3100 will then compensate for the lack of contrast in the original.

Because the plate is at the edge of the machine, bound volumes can be copied right up to the spine, without the need to force the pages apart and without distortion of the image. The double-hinged plate cover can be closed with a bound volume in position.

Like all Rank Xerox copiers, the 3100 prints on plain uncoated paper. A special feature is the interchangeable paper tray. This will hold up to 250 sheets in any paper size from 8 inches by 10 inches (20.3 cm by 25.4 cm) to 8½ inches by 14 inches (21.6 cm by 35.6 cm).

Today, in London, the company was to have launched its Xerox 6500 colour copier for the European market, but called the presentation off at short notice.

Reasons given by the company were unexpected difficulties in "Europeanising" a complex piece of equipment built to U.S. practices and standards; equipment which, moreover, was a new departure from xerographic techniques.

It is understood that the presentation will be postponed till the company is satisfied that modification of the units to conform to European requirements is to a maintainable high standard.

## OPTICS

### Laser beam facsimile prospect

AN EFFICIENT optical deflector for laser beams using tellurium dioxide has been developed at the Princeton N.J. laboratories of RCA, and a beam scanner that can be used to take as well as project pictures has been constructed using it. Pictures taken three to four times the detail of conventional TV are possible.

According to RCA, the experimental device could be the forerunner of a high resolution facsimile system, which, unlike current units, would not need a photograph for scanning, because it would scan the object itself. The camera consists of a beam scanner which scans a "live"

object in horizontal lines in the same way that an electron beam does in a cathode-ray tube. The reflected light at the instant of each picture-element is detected by a pick-up tube mounted adjacent to the projector-scanner. After processing, the signals comprise a video signal for display on a CRT.

The scanner could have a number of other applications, says RCA, including scanned optical radar, computer print-out, optical memories and image storage.

Since TV vertical deflection speed is relatively low, a conventional oscillating galvanometer-driven mirror is employed to deflect the beam vertically. The fast moving horizontal deflector is an anisotropic Bragg device, constructed out of paratellurite (tellurium dioxide). It is capable of scanning up to 15,750 lines per second.

In developing the high speed deflector, the laboratories found it necessary to devise a cold press bonding technique for attaching transducers to the tellurium dioxide crystals. A capability for producing high purity crystals has also been developed.

A limiting resolution of 3,000 TV lines can be achieved with a deflector having a useful optical aperture of only 0.5 cm. The device operates at low rf power levels and thus can be compatible with integrated circuits.

## TRANSPORT

### Answer to city congestion

WHILE BRITAIN has dropped or indefinitely shelved the "Cab-trak" project for "minitaxis" which would travel above congested city streets, Germany is actively pursuing this concept.

The Technology Minister, Horst Ehmke, has just opened a test stretch of line for the new local transport system at Hagen in the Ruhr, which could help to free cities from traffic jams and pollution.

The West German system is called "Cabintaxi" or CAT for short, and is a joint development of the engineering company Demag AG and Messerschmitt-Boelkow-Lohm GmbH, the transport and aerospace concern.

The design envisages light metal and plastic cabins, each carrying up to three people with luggage, powered by linear motors and speeding between a city centre and the outskirts at up to 36 kilometres an hour. The driverless vehicles can run either on top of, or underneath, a single suspended track whose height above the ground will depend on the needs of the city which employs the system.

The two companies have already invested DM5m. In the scheme - and the Technology Ministry another DM6m. The present 150-metre stretch of test track is to be extended to a total of 1.5 kilometres by 1975, with 30 cabins and three stations.

Total cost of construction, tests and research is likely to be around DM45m., the Ministry agreeing to cover 80 per cent. This is not the only new local transport system being tested with Government financial backing. But the Ministry is earmarking some 50 per cent of its total grants in this field for development of the CAT, which indicates how seriously the project is being viewed.

Demag and MBB began co-operating on the project in late 1969 after arriving at a similar answer to the question of why people continued to take their cars into city centres despite increasing parking problems and bigger traffic jams.

The answer was that a car was still considered quicker and more comfortable than public transport and perhaps even more important that it was more "individual". The motorist was often simply a person who did not want to travel in a bus or tram with dozens of his fellow men.

Thus, to tempt the motorist away from his car, it would not be enough to produce something fast and cheap. It would have to be individual too. This was the philosophy behind the CAT and is the reason why each car will take only three people at most - or two with a child.

Each station will be on a loop of track linked to the main line Cabintaxi network with 3,000 or more CATs passing each hour, 24 hours a day. Journey destination is determined by a ticket chosen from an automatic machine. A computer notes the amount and all the passenger has to do on climbing into the cabin



is to press a button. The unit then pulls out of the station, the computer slots it into the main line traffic and it is sped to its destination without any intermediate stops.

A ride in the vehicle shows that the only noise is a low hum from the two linear motors which are mounted horizontally. The rubber wheels form both support and guidance making for the minimum of bumps. The guideway track is of steel, with box girders and a maximum distance of 40 metres between supports.

The cabin itself is two metres long, 1.6 metres wide and 1.5 metres high - a squeeze with three large people but otherwise adequate. Visibility through three large windows is excellent. The only query is that damage could easily be wrought to the cabin by vandals with no one around to stop them.

The companies say the CATS will have an average speed of 30 kilometres an hour - 10 kilometres more than the average for city bus and tram transport. The cost is reckoned at 17 pence per kilometre - more than 11-15 pence for a tram ride over the same distance but about half that for a trip into town by Volkswagen. The environmental benefits, if people are tempted to desert their cars en masse, and take the new service would clearly be large. Whether the companies' hopes come true remains to be seen.

The first town likely to take the CAT is Hagen in the Ruhr, near where the present tests are being conducted. Hagen has about 400,000 inhabitants and total installation of the system would cost about DM900m.

It is likely that installation, which could begin in three or four years, would cover only a limited area at first to see how it all worked in practice. If this proved satisfactory, then the system would be extended to the rest of the town.

After Hagen, Freiburg and Pforzheim, a suburb of Munich, would probably be next. So far there are no firm commitments. This reflects, not a lack of interest by the towns, but an effort to gain firm Government commitments of financial aid for construction before a go-ahead is given.

Meanwhile, in Britain, the Minitram project which replaced Cabtrack is under study by Hawker Siddeley and a group within GEC. The two studies are funded by the Department of the Environment and should be ready for submission by the middle of next year.

They are, however, for a rather different type of system than the German one with much less freedom of choice and less the individual vehicles are considerably larger. The concept of a light-weight, non-polluting system which will not clutter existing road space and will help relieve congestion in busy cities is retained. The system could be demonstrated in one of the northern cities within a few years.

## PRODUCTS

### Cassette machines for video

TWO VIDEO cassette machines designed and built by the Victor Company of Japan for audio-visual applications are to be marketed by Bell and Howell in most of Europe including the U.K. One of the machines simply plays cassettes, the CP-5000E, while the other, the CP-6000E, can record as well.

The machines are for colour and monochrome operation and use the self-contained U-type cassette with 1-inch tape - the cassette jointly developed by Victor with Sony and National.

The cassettes provide up to 15, 30 or 60 minutes of playing time, and no adjustment of the equipment is needed when, for example, a long-run cassette is followed by a short one. The loading procedure is identical for all lengths of cassette and for both machines.

The cassette may be inserted or removed at any point in the programme, a feature which helps meet the not uncommon need of teachers and instructors to show just a small part of a visual presentation to their

students. With the Japan Victor machines they can do so without waste of time, even if the required excerpt is in the middle of a 30-minute cassette, as both machines are fitted with tape counters and an automatic "search" facility for locating selected scenes.

The recorder/player is designed to accept input of programme material from broadcast television with the aid of a tuner or from closed-circuit transmissions. It may also be linked direct to a television camera. Video and audio input and output sockets are fitted at the rear of the machine and there is also a socket for connection of a remote control unit.

### Quality tape for enthusiast

THE SPECIALIST and enthusiast are being catered for by EMI with a range of tape products and accessories the company has just introduced. Professional quality tape as used in most recording studios is being offered as Emtape 825. The tape is described as being "for the really discerning user who needs the ultimate in tape performance." Marketing is to be through selected retailers who cater for the specialist recordist.

The tape uses more uniformly shaped iron oxide particles than is normal resulting in higher density coating and an increased magnetic flux which can improve the performance of many domestic tape recorders. The specially developed binder also minimises the possibility of tape squeal. The frequency response is from 31.5 to 16,000 Hz.

The new tape is being marketed under the EMI label in reel-to-reel standard, long, double and triple play, and also in EMI cassettes in 30, 60, 90 and 120-minute playing times. Accessories include newly designed cassette and cartridge head cleaners and spare tape reels.

## COMMUNICATION

### Indicates staff for telephonist

ACCORDING to Movitex Signs of 107, High Street, Edgware, Middlesex, which has just conducted a survey on the subject, 81 per cent. of telephonists employed in commerce and industry are not informed when key executives are on holiday or away for a half day or more. The company suggests that the cost of this must "run into millions of pounds annually throughout the U.K."

"The telephonist," says the company, "cannot be expected to have a crystal ball." Instead the company executive responsible for communications might consider installing Movitex's latest product which it describes as a "sophisticated staff location panel for use in both switchboard and switchboard reception areas."

In addition to telling the operator which executives are unavailable it employs elasticated markers pressed into a permanent time chart, marked off in hours, to tell her when they are expected to return. The panel also includes a wipe-clean section for temporary notes like, for example, "On leave until October 8" or "With Mr. Jones, 01-234 5678."

A contact reminder is also incorporated in the panel so that the telephonist is reminded of any messages she may have for an executive. Where the panel is employed in a reception area then the contact reminder itself alerts the executive, on his return, that a message is held for him.

Initially the aluminium framed panels, which employ variously coloured characters against a black background, will be available in four standard sizes, with capacity for 10, 16, 22 and 28 names, starting at £13.20.

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## ELECTRONICS

### Load cells put to the test

TO SIMPLIFY weighbridge installation by carrying out as much inspection and testing as possible in the factory, W. and T. Avery have commissioned two weighbridge test rigs that are believed to be unique in the U.K. if not in the world. For testing Avery 5150CTA standard load cell weighbridges, the rigs cut factory testing by up to four days per weighbridge, minimise work on site, and shorten delivery times.

At Avery's Birmingham factory, the rigs are designed to test the electronic components of the weigh system that is, the load cells, load-cell junction box, and CTA digitising instrumentation. Each consists of a 30 feet x 10 feet weighbridge platform that can be raised and lowered by motor driven screws. One test system up to 50 tonnes and the other systems up to 100 tonnes.

The load-cell units are stalled under the test platform and coupled through the junction box to the instrumentation circuitry. The platform is lowered and standard test weights are placed on it to forklift truck. Using various load configurations, the test engineers set the system and ensure that it is accurate to official requirements regardless of the position of the load on the test platform, as that official tolerances are throughout the full weighing range. The system is adjusted on the rig prior to final work inspection and, in most cases a weight and measures inspection is invited to make a preliminary official test before despatch.

## MATERIALS

### Threading machine

A 3-INCH capacity pipe as bolt threading machine, the latest model 25-J for general factory workshop use and for site work in the plumbing, heating, ventilating, chemical, petrochemical, gas and marine industries, has been introduced by Neville Scales of 34, Priem Bridge, London SW14 5TA.

Unlike many threading machines, its 550 watt motor is dual wound for operation on either 110 volts or 220 volt single phase, 50 cycles supply. The machine can therefore be used on the normal 230 volt supply of most workshops as well as on building sites where 110 volts is usually compulsory.

The pipe can be of any length and material, including stainless steel; capacities are 1 inch 1 2-inch pipe BSPT and NPT and 1 inch to 1 inch bolt BSW and UNC.

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## ADDITIONAL EVENTS:

25TH ANNUAL ASSEMBLY OF THE INTERNATIONAL INSTITUTE OF WELDING IIW DÜSSELDORF SEPTEMBER 16 TO 22, 1973

CONFERENCE ON WELDING TECHNOLOGY GERMAN WELDING ASSOC. DVS ESSEN SEPTEMBER 19 TO 21, 1973



## INFORMATION:

SCHWEISSEN UND SCHNEIDEN, INTERNATIONALE FACHMESSE D-43 ESSEN 1, NORBERTSTRASSE 56 TELEFON (021 41) 77 30 54, TELEX: 8579647 AMGE D

# SCHWEISSEN UND SCHNEIDEN

INTERNATIONAL WELDING FAIR ESSEN SEPTEMBER 19 TO 27, 1973

THE WORLD'S LARGEST FAIR IN WELDING TECHNOLOGY

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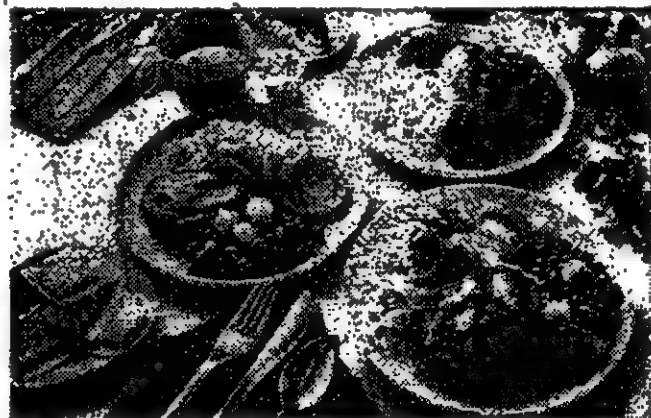
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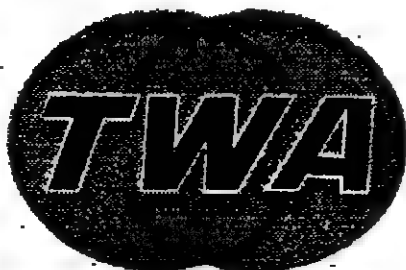
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\*TWA requires us to make a nominal charge for in-flight entertainment.



# CEGB seeks aid for next nuclear power station

BY DAVID FISHLOCK, SCIENCE EDITOR

THE Central Electricity Generating Board is pressing for Government "launching aid" for the next British nuclear power station unless the choice is an off-the-shelf light water reactor.

The case will be put to the Nuclear Power Board, the body appointed to oversee nuclear decisions in Britain, when it meets under the chairmanship of Mr. Peter Walker, Secretary for Trade and Industry, later this month.

The generating Board was anxious that the cost of a first-of-a-kind nuclear power station should not fall heavily on the electricity consumer, Mr. Arthur Hawkins, chairman of the CEGB, said in London yesterday.

stations, which, said Mr. Hawkins, "do a very good job and have proved a great and sound investment."

The CEGB research department has found ways of delaying the susceptibility to breakaway corrosion of boiler steels selected for the AGR stations. This weakness has been one cause of delay for the AGRs.

One technique treats the metal in a gas of very low oxygen content, to leave a highly protective chromium-rich surface film. The Board's scientists are now developing methods of applying such practices to full-scale nuclear plant.

## Coal needs

Harold Belter, Industrial correspondent, writes: Discussing the prospects for coal, Mr. Hawkins stated that CEGB consumption in 1973-74 would reach 68-69m. tons, compared with 62m. tons in the previous year.

Discussions have been taking place with the National Coal Board on the CEGB coal requirements, and its availability in the early 1980s. A joint statement is expected next month.

Mr. Hawkins revealed that a contract is to be let for the design of a new 2,000 MW coal-fired station, West Burton B, in Nottinghamshire.

No commitment has been made to the construction of this project, but its likely cost can be compared with that of a similarly sized oil-fired station at Killingholme in Lincolnshire, for which a design contract is also being placed.

Mr. Hawkins added that Killingholme remained as the logical choice for a new fossil-fuel power station to be ordered in 1974.

In addition, the CEGB hopes to be able to order at least two more coal power stations next year — the Dinorwic hydro-electric pumped storage plant in North Wales and one or two nuclear stations.

## Three types

The Board would regard a commercial version of the three types of British reactor under consideration as basically first-of-a-kind. Another advanced gas-cooled reactor (AGR), it was made plain, would be a modified or Mark 2 version of the AGRs now under construction, and hence strictly a first-of-a-kind.

It would see the first commercial high-temperature reactor (HTR) as virtually a prototype, and even a commercial-size steam-generating heavy water reactor (SGHWR) no more than a "demonstration" plant.

Although the Board hoped to order one or more nuclear stations next year, said Mr. Hawkins, these stations were not required by the demand forecasts for five years hence. If a first-of-a-kind nuclear station was ordered, it would be on the assumption that it might take seven or eight years before it was contributing full power.

Asked specifically whether the Board, with four AGRs still under construction, favoured ordering more, Mr. Hawkins said: "I don't think the industry would be keen to order more AGRs until it has operating experience." He did not think that enough experience from the first AGR expected on end, Hinkley B, would be available until the end of next year or early 1975.

## Confident

The Board was confident, he said, that the AGRs would eventually prove a sound investment, but their experience was not one they would repeat again by ordering four stations straight off the drawing board.

Delays in completing the four AGR stations have been "a matter of major concern" to the Board, it admits in its annual report. Two senior officers have been appointed to oversee their completion.

The Board remains pleased with the performance of its first-generation magnox nuclear

# Statement soon on broker's suspension

BY NICHOLAS OWEN

THE CITY Takeover Panel is expected to issue a statement in the next few days on circumstances which led to a stockbroker being suspended and his firm censured by the Stock Exchange last month.

The exchange announced the disciplinary action on August 29. It did not say which shares were involved, but the Panel will confirm that the deal was in Birmingham Small Arms shares.

Action was taken against Mr. Ralph Clarke and the firm of Chapman and Rowe after failure to give the exchange information about an overseas client who netted a £700 profit on a "bear" transaction.

In March, on a day when BSA's share price fell sharply, a

line of BSA stock was sold early on for £2.24, and repurchased later at £1.94. Chapman and Rowe stressed in a statement that its client had not acted improperly, and said that neither Mr. Clarke, nor the firm, obtained any pecuniary advantage other than normal commission charges.

The SE told its members in a private notice that hearings on the case had taken place before the Exchange Council on April 2 and before the Takeover Panel on May 21.

Lord Shawcross, chairman of the Panel, has taken no part in this inquiry as he was chairman of BSA until July, when Mr. Dennis Poore took over on the merger of BSA's motorcycle interests with those of Norton Villiers.

# Honeywell plans 350 cut in Scottish workforce

BY CHRIS SAUR, SCOTTISH CORRESPONDENT

EDINBURGH, Sept. 11

HONEYWELL today announced plans for reducing its workforce in its three Scottish computer and control-systems factories in Lanarkshire.

Over a six- to nine-month period, some 350 jobs at the fac-

ories will be affected by the changes which are being introduced, according to Mr. Leslie Forrester, industrial relations director, "to improve operational effectiveness, reduce costs and offset inflation."

Meanwhile the inquiry will go on to establish what lessons were learned from the rescue operation. It is not expected to be completed before mid-October and then a further statement will be made.



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# Vickers modifies mini-sub hatch lock system

BY JAMES McDONALD, SHIPPING CORRESPONDENT

VICKERS HAS taken action to modify the locking arrangement of the hatch of the after compartment of its three mini-submarines, Pisces I, II and III, following the Pisces II rescue drama at the start of this month.

Meanwhile the Department of Trade and Industry is gathering information about submersible vessels from other countries, including the U.S. and Canada, and will decide future policy for these vessels in the light of the further inquiries being made by Vickers Oceanics into the Pisces III incident.

## Team's findings

This is stated by Mr. Cranley Onslow, Parliamentary Under Secretary of State for Aerospace and Shipping in a letter to Mr. John Prescott, Labour MP for Kingston-upon-Hull E, published yesterday.

The hatch modification follows the recommendation of the preliminary inquiry by a team of investigators from Vickers Oceanics, the owners, and Department of Trade and Industry surveyors. The team established that the fouling of the after hatch on Pisces III by a tow-rope during a normal recovery operation had positively caused the hatch to become unlocked and released.

A small build-up of pressure in the aft sphere, due to ballast changes during surfacing could have been a contributory factor. This build-up, plus motions of the submarine on the surface, could have been sufficient to dislodge the hatch if the fouling rope released the locking mechanism.

Vickers Oceanics said yesterday that the hatch-locking arrangement was being modified to make it positive and a fairing cover was being provided. Not a great deal of work is involved.

Pisces II has already undergone the modification and will be back in service in the North Sea to-day. Pisces I is having a general refit and the modification will be carried out at the same time: she is expected to return to a Ministry of Defence contract in about a fortnight.

Pisces II also is being refitted with the hatch modification being carried out at the same time. The submarine was slightly damaged and the extent of the damage will be investigated.

Meanwhile the inquiry will go on to establish what lessons were learned from the rescue operation. It is not expected to be completed before mid-October and then a further statement will be made.

In his letter to Mr. Prescott, Mr. Onslow says that although these vessels have been employed by Vickers for almost five years "this is the first serious incident involving the Vickers' vessels which has come to our notice and it seems doubtful whether it was the sort of accident which legislation would have prevented."

"I have also noted that there are proposals to introduce more submersibles to Britain shortly and that it seems unlikely that these will be all of the Pisces type. For all of these reasons I should prefer to keep an open mind on the question of statutory safety requirements at present."

He pointed out that the DTI surveyors will continue to work in co-operation with Vickers in the evaluation of the recovery and rescue operation. "I think, therefore, that we must now await the outcome of these further inquiries and decide on our future policy in the light of it."

# Labour call to end arms for Spain

By Philip Rawstone

THE LABOUR Party international committee yesterday condemned the sale of Harrier jets or any other arms to Spain and urged the Government to veto such sales.

A unanimous resolution said the sales would "give aid to the repressive regime" with which Britain was still in dispute over Gibraltar. It called on a future Labour Government to end any deliveries still continuing when it took office.

The committee also decided to ask Mr. N. Lunkin, the Russian Ambassador, to meet a delegation from the party national executive to discuss the fate of dissidents in the Soviet Union.

# U.K. gross national product rose to £965 per head last year

BY WILLIAM KEEGAN, ECONOMICS CORRESPONDENT

THE U.K. gross national product last year amounted to £33,940m., or £965 per head of the population, according to figures released by the Central Statistical Office this morning. The gross national product is a measure of the total income of residents of the U.K., before depreciation, and including income from abroad.

Last year's per capita income of £965 compares with a revised 1971 figure of £911. It reflects an 11 per cent increase in nominal gross domestic product (the total value of all the goods and services produced within the U.K.). But in real terms—that is, after allowing for price increases—the rise was 1.5 per cent, as measured by expenditure data, or 2 per cent, by the average of expenditure, income and output figures.

It is important to note that these are year-on-year changes. As the economy recovered from the high unemployment levels of the 1971-72 winter, output expanded fast. The rate of expansion through the year—between the fourth quarter of 1972 and the same quarter of 1973—was about 5 per cent.

One main feature of the year was the sharp rise in consumers' expenditure, which went up by 5.9 per cent in volume (12.7 per cent before allowing for price increases) compared with 2.6 per cent the previous year and an average rate of growth of 2.2 per cent between 1962 and 1970.

The income going to the personal sector—via wages, rents and other benefits—was a similar 5.9 per cent, over the two years after deduction of tax and contributions—rose by 13 per cent between 1971 and 1972. After

WHERE YOUR £ WENT	1962	1972
Food* (household expenditure)	24.1	19.0
Alcoholic drink	4.1	7.5
Tobacco	4.4	4.5
Housing	10.3	13.4
Fuel and light	4.8	4.6
Clothing and footwear	9.4	8.4
Purchase and running costs of motor vehicles	4.1	9.9
Other goods	9.4	9.8
Other services	15.3	18.0

\* Excluding meals in restaurants, hotels, etc.

allowing for higher prices, the increase in "real" personal disposable income was 6 per cent, nearly three times as great as the rate of increase in the previous year.

Over 68 per cent of total domestic income (that is income from employment and self-employment, gross trading profits of companies, gross trading surpluses of public corporations and other public enterprises and rent) consisted of income from employment, mainly wages and salaries.

Although a little below the percentage in the previous two years, this was a percentage point above the average share over the years 1962 to 1969.

On the other hand, company profits—at about 13 per cent of total domestic income—were a similar proportion to the previous two years but over two percentage points below the average for the 1960s.

In absolute terms company gross trading profits rose by 14.5 per cent between 1971 and 1972, after being flat between 1968 and 1970, and rising 8 per cent in 1971. In both 1971 and 1972 the increase in the money value of stocks is reckoned to have accounted for two percentage points of the profit rise. After stock appreciation, therefore, the rise last year was about 12.5 per cent.

When a similar adjustment is made for stock appreciation in respect of the share of company profits in total domestic income, the figure for both 1971 and 1972 becomes 10.5 per cent.

This is about three percentage points below the long term average. On the other hand, over the period 1962 to 1972, the growth in company taxes was less than the growth in profits, and in the latter part of this

EXPENDITURE GDP—PERCENTAGE INCREASES	Current prices	Constant prices
	1962(a) 1970	1962(a) 1970
(i) Consumers' expenditure	6.5	10.9
(ii) Public authorities' current expenditure on goods and services	8.8	13.7
(iii) Gross domestic fixed capital formation	7.9	9.5
(iv) Exports of goods and services	8.7	12.1
(v) Imports of goods and services	7.2	10.9
Total final expenditure	8.0	9.7
Expenditure GDP at factor cost	4.5	12.6
(a) Annual average		

period there were capital transfers to the company sector in the form of investment grants. The pace of inflation is shot by the fact that total costs per unit of output rose by nearly 8.5 per cent between 1971 and 1972, compared with an average of 3.5 per cent in 1962 to 1970 and 10.3 per cent between 1962 and 1971.

The effect of higher rents reflected in a long-run increase from 10.5 per cent to 13.4 per cent in the percentage of "consumers' expenditure" going to housing between 1962 and 1972.

Another significant movement in the statistics is the greater amount of money devoted to owning and running cars—up from 6.1 per cent in 1962 to 9.9 per cent in 1972. National Income and Expenditure 1973 (The Blue Book), p. 85p.

# Gross National Product

	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971
Expenditure										
Consumers' expenditure	18,923	20,118	21,468	22,578	24,251	25,455	27,335	28,968	31,404	34,838
Public authorities' current expenditure on goods and services	4,916	5,176	5,505	6,041	6,573	7,273	7,787	8,083	9,085	10,339
Gross domestic fixed capital formation	4,530	5,018	5,383	6,438	6,844	7,488	8,055	8,488	9,223	10,101
Value of physical increase in stocks and work in progress	— 8	161	734	487	345	322	439	416	237	19
Total domestic expenditure at market prices	28,361	30,473	32,710	35,544	38,013	40,487	43,556	45,950	49,970	55,297
Exports and property income from abroad	5,532	7,217	7,870	8,202	8,716	8,851	10,811	12,220	13,824	15,668
Less imports and property income paid abroad	— 6,599	— 6,956	— 7,388	— 8,167	— 8,430	— 9,035	— 10,861	— 11,549	— 13,026	— 14,372
Less Taxes on expenditure	— 3,879	— 4,027	— 4,437	— 4,952	— 5,427	— 6,004	— 6,818	— 7,759	— 8,433	— 8,808
Subsidies	603	569	516	574	572	815	910	855	850	895
Gross national product at factor cost	25,613	27,276	29,580	31,561	33,444	35,214	37,598	39,667	43,303	48,675
Factor incomes										
Income from employment	17,306	18,195	19,717	21,291	22,786	23,706	25,341	27,023	30,179	33,331
Income from self-employment	2,148	2,207	2,234	2,518	2,679	2,843	3,070	3,298	3,662	4,167
Gross trading profits of companies*	1,829	4,103	4,944	4,741	4,810	4,683	5,275	5,143	5,279	5,736
Gross trading surplus of public corporations*	745	840	934	988	1,043	1,132	1,383	1,451	1,395	1,464
Gross trading surplus of public enterprises*	84	92	104	112	105	110	133	146	132	185
Rent†	1,477	1,503	1,747	1,939	2,143	2,363	2,616	2,836	3,316	3,847
Total domestic income before providing for depreciation and stock appreciation	23,533	27,023	29,360	31,590	33,366	34,817	37,817	40,007	43,982	48,570
Less Stock appreciation	— 182	— 182	— 292	— 321	— 347	— 187	— 564	— 733	— 1,137	— 1,058
Residual error	76	51	119	113	38	206	10	166	57	647
Gross domestic product at factor cost	23,427	26,892	29,187	31,385	33,057	34,835	37,263	39,168	42,788	47,159
Net property income from abroad	334	388	393	435	357	379	335	499	515	516
Gross national product	23,613	27,276	29,580	31,591	33,444	35,214	37,598	39,667	43,303	48,675
Less Capital consumption	— 2,334	— 2,503	— 2,699	— 2,812	— 3,149	— 3,353	— 3,658	— 3,965	— 4,447	— 5,082
National income	22,599	24,773	26,881	28,679	30,295	31,861	33,940	35,702	38,856	43,593

\* Before providing for depreciation and stock appreciation. † Before providing for depreciation.

هكذا كنت الامم



# Labour men see hope of political mix in Ulster

BY RHYD DAVID

BELFAST, Sept. 11

THAT a political union in Ulster might now be sighted, were expressed here by Mr. Merlyn Rees and Stanley Orme, the Labour Party's spokesman on Northern Ireland, as they ended their two-day fact-finding visit.

Although cautiously optimistic, Rees said they detected some sense of fertility by the political parties, and they were hopeful an executive could be formed.

## ay ahead

Mr. Rees and Mr. Orme seemed to have formed the impression that politicians in the Ulster parties realised the need for a new political mix. As a result the visit has been characterised by Labour as a "fact-finding mission" in the Northern Ireland situation.

Rees pointed out that not long ago the Labour Party had been put down for its role in the 1968 election, although emergency provisions could still be introduced.

It would seem that as long as

progress is being made, albeit slowly, towards setting up an executive, and as long as the security forces support the winning their battle, the bipartisan approach at Westminster will not be endangered.

Mr. Rees envisaged a Labour reassessment only in the event of the majority of members elected to the Assembly failing to agree on the shape of a new administration.

He would not be drawn on what steps might have to be taken. He and Mr. Orme clearly seem to have been impressed, however, with the arguments put forward by the Social Democratic and Labour Party on the need for parallel progress on a number of fronts, including policing and the establishment of a Council of Ireland.

The two men hoped that a framework might emerge from Mr. Heath's talks with Mr. Liam Cosgrave, the Irish Prime Minister, next week. It would be for the Council itself to decide on the limits of its powers, Mr. Rees said, but one field in which it might operate would be security.

In a statement timed to coincide with the announcement of Mr. Heath's visit, the Unionists this week indicated their willingness to see security discussed jointly with the authorities in

the Republic. Although the Council of Ireland is not mentioned, the party has called for inter-governmental discussions on measures to end terrorism in the North, and on extradition.

This action, it is stated, would enable a council to be formed with equal membership from the Governments of Northern Ireland and the Republic. It could discuss matters of mutual interest, particularly in the economic and social fields.

## Conditions

Although largely a restatement of Unionist policies first outlined more than a year ago, it is significant at this stage as a reaffirmation of the party's willingness to enter a council provided certain conditions are met.

These are acceptance by the South of the right of the people of Northern Ireland to self-determination, and exclusion from the council's remit of any powers to deal with the constitutional position.

During their visit, Mr. Rees and Mr. Orme had discussions with the leaders of all the main political parties, and with Mr. William Whitelaw, the Secretary of State. They also met representatives of the Police Federation.

# Swan Hunter welders vote for pay strike

BY OUR OWN CORRESPONDENT

SOUTH SHIELDS, Sept. 11

ONE THOUSAND welders in the five Tyne shipbuilding yards of Swan Hunter voted at a mass meeting at Wallsend today to go on unofficial strike.

Their walk-out was touched off by an ultimatum from the management to resume normal working or be laid off. For nearly two weeks the welders had been bannering overtime and also refusing to use iron powder electrodes—which help to speed output—in support of a bonus demand which had been rejected.

Today's events were precipitated by the management applying its ultimatum and suspending ten welders at the Neptune Yard, Walker. This led to a walk-out by all welders at the consortium's shipbuilding yards on the river followed by the mass meeting.

Swan Hunter spokesman said tonight: "The management is no longer prepared to accept the restrictions on overtime and use of electrodes by the welders. The men were told today that they had either to get back to normal working, or be laid off but they chose to go on strike."

Underlying the bonus dispute is a wider issue in which

the welders are seeking to gain their position as the highest-paid men among the boilermaking trades in the Swan Hunter yards. They are seeking the restoration of big pay differentials they once enjoyed over other boilermakers and are demanding their own negotiating rights.

Last week the welders snubbed their union when they were called to a meeting by district officials, at which they would have been told to resume normal working. Less than 50 of the men attended, including about 20 shop stewards. The remaining 950 stayed away.

## CHANNEL CAR FERRY DAMAGED

Cross-Channel car ferry services were disrupted yesterday when the Maid of Kent was damaged entering Boulogne Marine station. The vessel was taken for repairs, and later replaced by the ferry Vorugern.

# Building societies' staff move to set up own federation

BY NOEL HOWELL, LABOUR REPORTER

THE FIRST step towards the creation of a federation of staff associations for building societies' staff was taken at a meeting in London yesterday. The move follows recent incursions by outside unions, notably the National Union of Bank Employees, into a relatively unorganised area of 30,000 white-collar workers.

At yesterday's meeting, 31 representatives and observers led by the three largest staff associations, adopted a resolution endorsing the principle of staff association representation in building societies and the staff associations meeting said, eventually lead to the creation of a specialised building society union.

## Anglia move

The decision is a blow to NUB's efforts to diversify into the building society field though the union has already won recognition in seven relatively small societies and has two further recognition cases at the National Industrial Relations Court this week.

The staff associations are due to meet again at the end of November to decide whether the time is ripe to set up the federation.

Only two building society staff associations at yesterday's meeting, are registered—Leek and Westbourne and Nationwide—while a third, Anglia, is seeking registration. The Anglia association is today expected to oppose NUB's claim at the NIRC for sole recognition at the society.

NUBE has a claim at the Temperance Building Society due to be heard on Friday. Last night, Mr. George Taylor, the union's assistant secretary dealing with the building society field, commenting on yesterday's staff associations meeting said, "It will mean an awful lot of discussion; it's a pity they won't join with us now."

Last month, the CIR came down in favour of NUB's representation at the Coventry Economic Society and against staff association recognition. NUBE had fewer members. The Commission decided the newly-created association at Coventry Economic was not viable as a negotiating agent.

The CIR did, however, record the support of some staff for the creation of a federation of staff associations in the building society field which could eventually lead to the creation of a specialised building society union.

It will mean an awful lot of discussion; it's a pity they won't join with us now.

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## Bargaining procedures to be investigated

FINANCIAL TIMES REPORTER

BARGAINING procedures at Airline Engineering, a Luton-based aircraft maintenance company, are to be investigated by the Commission on Industrial Relations.

The investigation was ordered yesterday by the National Industrial Relations Court on the application of the Association of Licensed Aircraft Engineers, whose job it is to certify airworthiness.

About 40 employees, including licensed and unlicensed engineers, are concerned. The company, a subsidiary of Cosmos Tours, had opposed a CIR study, claiming that the engineers' interests were already covered by an existing works committee.

The 1,277 strong Association, a registered trade union, is seeking to be the sole bargaining agent for the engineers and others in the group. The court was told there was no other large union in the field, and that the works committee was divided on the issue.

Sir John Donaldson, the court president, said the aftermath of strained relations between the company and the union lived on today, but an investigation by

the commission had a reasonable chance of providing a solution to the question of how the engineers should be represented. Earlier this year the NIRC turned down a similar application by the association for a bargaining investigation at BEA and BSA Airways.

## Electricity men in pay protest

MORE THAN 300 white-collar workers in the electricity industry yesterday lobbied the Electricity Council headquarters in London to protest over salaries, which they claim have fallen behind those of manual workers.

The lobby, timed to coincide with a Press conference on the council's annual report, was followed by a rally in central London.

The 80,000 white-collar staff in the electricity industry received pay increases of just within the £1 plus 4 per cent. ceiling in April; talks are continuing over pay restructuring, bonus and productivity problems.

# Thorpe replies to policy charge

BY RICHARD EVANS, LOBBY CORRESPONDENT

UNG BY charges that the Liberal Party had no coherent policy, Mr. Jeremy Thorpe yesterday issued an 8,000-word summary of his party's policies, led from various sources.

It was, emphasised the document, in no sense an election manifesto and would need to be brought up to date in the light of decisions taken at next week's assembly at Southport.

A party spokesman explained that since the recent by-election losses, headquarters had been serving constant requests for an up-to-date digest of

politics. Mr. Thorpe had invited Mr. Desmond Banks as director of policy promotion, to compile the digest.

Mr. Wedgwood Benn, Shadow Secretary of Trade and Industry, argued last night that the Liberals were the greatest beneficiaries of the "crisis" within the Conservative party caused by the Government's policies.

"The Liberal party does not differ from the Conservatives on any major item of policy," he claimed. "Liberals in the Commons have given the Conservative Government general

support on most major issues, including the Industrial Relations Act, for entry into the Common Market, the high rent policy of the Housing Finance Act, and the right control of wages under the counter-inflation policy.

"Tories feel it is safe to vote Liberal because they know how close the Liberal and Conservative parties are on major policy questions. Mr. Heath knows he can count on Liberals when the crucial counter-inflation policy is at last coming to see the Liberal challenge as a Tory split, and so it is."

Increased admission charges to some ancient monuments will come into effect on January 10. The new charges, postponed as part of the national counter-inflation policy, are limited to 80 of the 750 monuments in the Government's care.

At the Tower of London a special reduced winter rate of 10p is being introduced, compared with the present rate of 20p, and a new high-season rate of 40p, which takes effect from March 1.

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# British Airways lodges appeal

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH AIRWAYS has lodged appeal against the Civil Aviation Authority's recent decision upholding its rival, British Caledonian, rights to fly to competitive scheduled services between London and Toronto.

The appeal will be heard by Peter Walker, Secretary of State for Trade and Industry, under the provisions of the Civil Aviation Act.

Under the Act, and the White Paper on policy guidelines issued last year, the Secretary of State is to uphold the decisions of CAA in promoting the interests of the so-called "second airline," British Caledonian, unless there are good reasons for doing otherwise.

It is probably this fact that has influenced British Airways to lodge only against the Boston to Toronto route, awards, though British Caledonian was

also given rights to "serve Atlanta, in the U.S., and Singapore, and was confirmed in its ruling its rival, British Caledonian, rights to fly to competitive scheduled services between London and Toronto.

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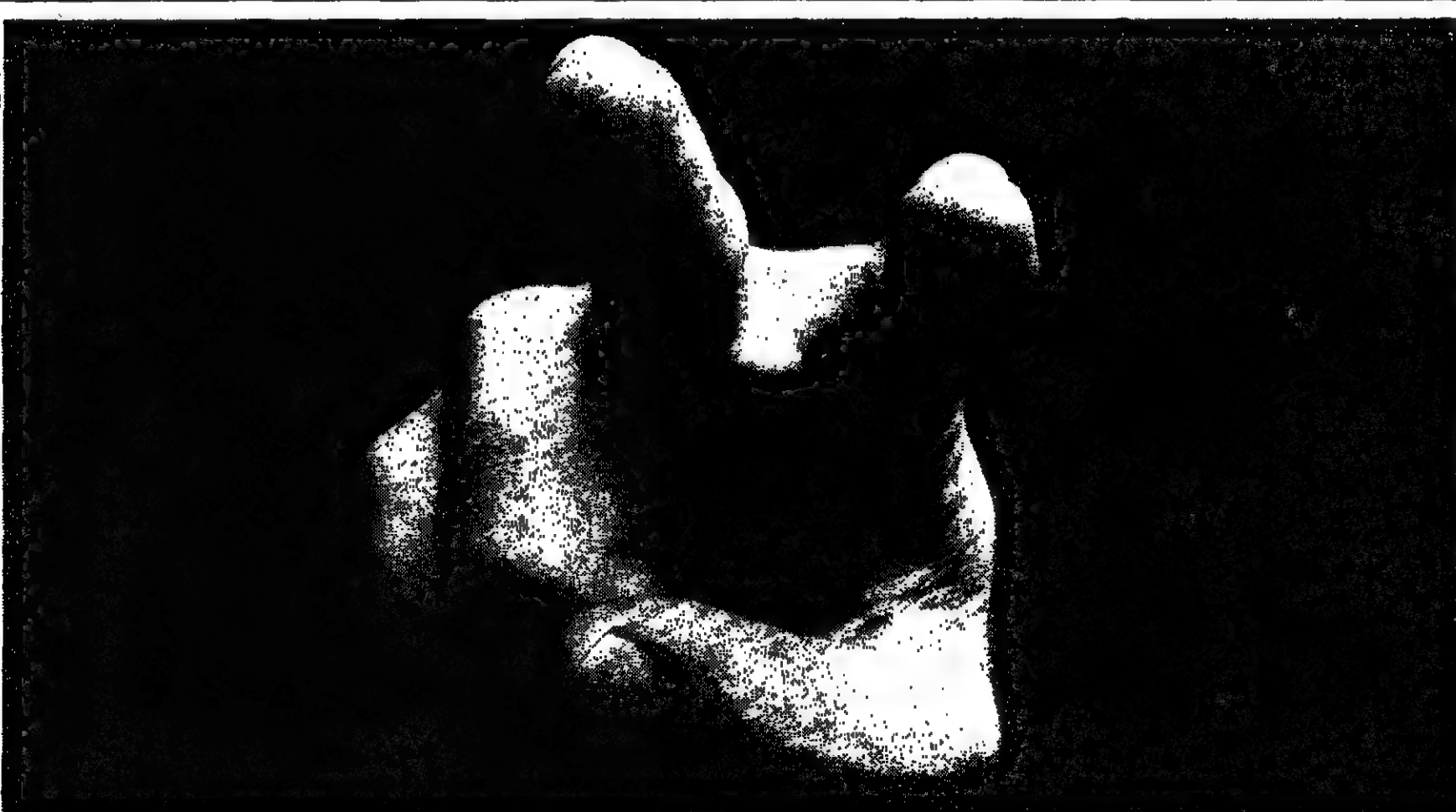
Caledonian it can see a substantial threat to its own competitive position in the years ahead.

It does not want to see British Caledonian consolidating its position on the North Atlantic scheduled service route—British Caledonian service to New York and Los Angeles having started last April.

## HIGHER CHARGES AT MONUMENTS

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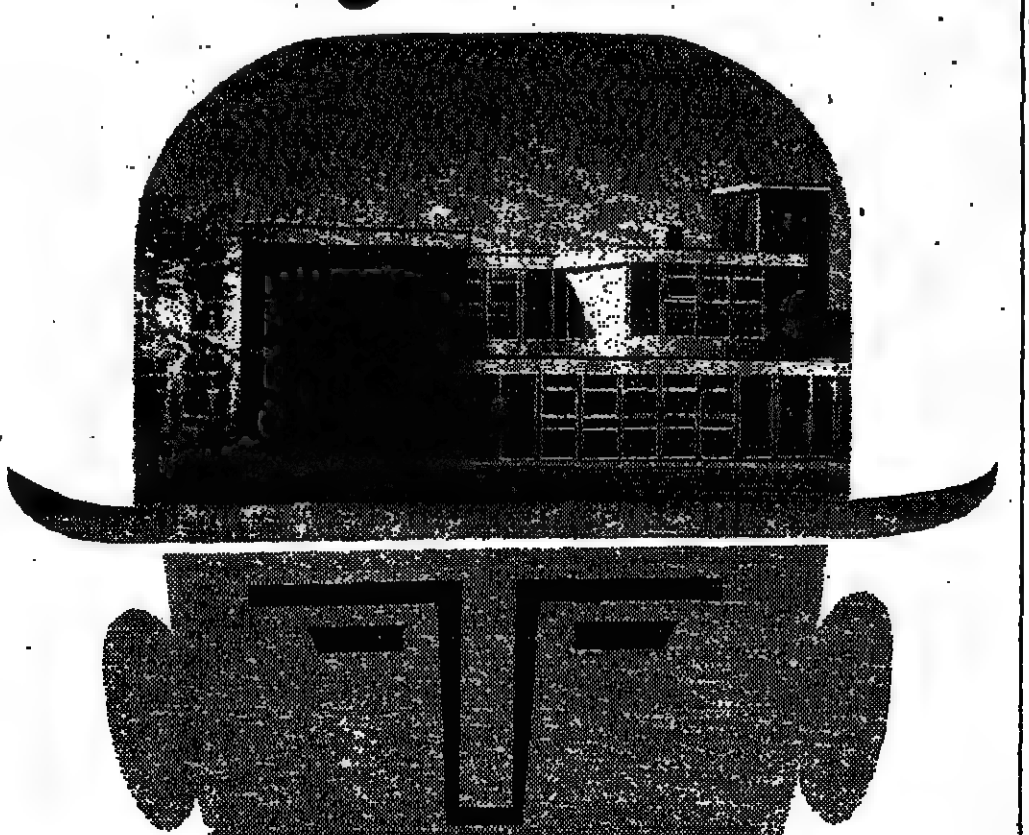
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James R. Greene, Senior Vice President and Deputy General Manager



## GARDENS TODAY

# Convolvuli in September

BY ROBIN LANE FOX

SEPTEMBER is the month when the garden can do with some Convolvulus. This may sound like madness but it has already struck me twice in the past week and I intend to follow up the idea. The hedgerows and the roadsides should be inspected in case you are incredulous. There are patches of browned nettles, one of the distinguishing uglinesses of Britain's common flora, there is this downy, a wonderful thing, certainly, but only born on plants that are near senility. The one fresh feature is the Bindweed in its two main forms. In Sussex they used to refer to the white trumpet-flowered bindweeds as "Lilies," but that was before the days of the commuter and the week-end gardener.

The finest is worth the small trouble of preserving it through cuttings taken each autumn and wintered away from the frost: the North African Bindweed, Convolvulus Mauritanicus, was looking just as pretty when I saw it at Sissinghurst in late June as it now does in the rock garden at Kew.

bindweed are little known, unpopular but extremely well behaved and very beautiful. If these two continental Convolvuli will bring the smaller-flowered bindweed safely and charmingly into the late summer garden, what of the big white twiner who takes so much time to poison and uproot?

The equivalent, here, is the wonderful Morning Glory, still better known for the absurd outcry about the hallucinatory powers of its seeds than for the vibrant blue funnels of its flowers. Like the big white twiner it is not a Bindweed but has a different Latin name, in this case Ipomoea.

Long season

Its season is long, especially in a warm summer, and its typical chalk-blue flowers are a distinctive colour which mixes well and always attracts interested comment. On top of a dry wall, for example, it would enjoy the sharp drainage and tint into a carpet some two feet wide, frost permitting; another home might be a pot or urn where it could fall over the edge and make a pleasant alternative to the usual ivy-leaved Geraniums.

Plants for pots are one idea we can borrow from grand public gardens and use appropriately at home. I have already noted down the use of Saint Bruno's Lily, a small white-flowered perennial of great merit, a rusty orange musk called Mimulus glutinosus and the possibility of small bushes of silver-grey leaves.

The latter brings me, once again, to Bindweed's foreign cousin: there is a particularly pretty silver-leaved Convolvulus called Cheorum, after (I believe) a Spanish aristocrat whose name was Cueur. It must be treated with care, for winter wet and extreme cold will kill it. Try planting it in very gritty earth in a pan or grouping it in one of those shallow urns that are popular but so difficult to garden satisfactorily. It will then delight you with the pink flowers of a refined field Bindweed and a nine-inch clump of startlingly silver leaves. You can buy it, like most silver plants, from Mrs.

Underwood, Ramparts Nursery, Colchester, Essex. Troublesome, but eminently worthwhile.

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1973 has been a rare season for Morning Glory, just when I failed to order any seed. Visitors to the Mediterranean should not be diverted by memories of white-washed walls smothered in blue Morning Glory; in England, even in this summer, I think the Morning Glory is best as a summer pot plant, sown under glass or in a warm kitchen in April, potted up one to a pot in May, then placed outdoors in June with a tripod of bamboo canes and wire or wire netting to encourage it out of a pot which should be five inches wide or more.

Its fleshy roots respond to liquid manure but if fed too often into summer it tends to be rather than flower. It must stand in the sunniest position, place both to keep its flowers open for their very brief life to encourage buds to form.

A good year

If the temperature stays as low as in the usual English sky, the leaves will turn a sickly yellow in disgust. Morning Glory is perhaps most dependable in a conservatory or glass house, though the years of poor returns out doors are soon forgotten in a year like this. I have just seen six plants, trained more or less as I describe, standing on the paving of a newly built house by the nearest bus-stop. They put the neighbours' marigolds to shame.

## APPOINTMENTS

# Whitbread Board post

Mr. A. J. J. Simmonds-Gooding, the group marketing director, has joined the Board of WHITBREAD AND CO.

Mr. E. C. Milstone, who has been appointed group controller of property in succession to Mr. J. L. Baker, has been appointed a specialist director. Mr. J. E. Parkinson, who has succeeded Mr. J. H. B. Whitton as controller of distribution, has been appointed a specialist director.

Mr. Robin Sternberg has been appointed managing director of STERLING SEATING, the A. Aranson (Holdings), subsidiary. Mr. Ian Robertson is now marketing director.

Mr. W. Goodfellow has been appointed to the Board of HAROLD DAWSON PROPERTIES.

Mr. George Russell, manager of ALCAN (U.K.) aluminium plant at Lynemouth, Northumberland, has been appointed a director of the company.

Mr. M. C. Honey has resigned as deputy managing director of CAM GEARS, to pursue other business interests.

Mr. Rudy Clyne has been appointed deputy chairman and joint managing director of JOHN E. DALLAS AND SONS.

Mr. Basil de Launay, a director of the Argus Press, is joining the Board of its parent company, the ARGUS PRESS HOLDINGS, a member of the British Electric Traction Company group, on October 1. He has also been appointed assistant managing director of the Argus Press from that date.

Mr. D. Horn, a director and

secretary of the Argus Press Holdings and the Argus Press will retire from the group on September 30. Mr. A. T. Patten has been appointed secretary to both companies from October 1.

Mr. Bruce D. MacPhail has been appointed assistant managing director of STERLING GUARANTEE TRUST.

Dr. Ivor Jenkins, a past president of the Institute of Metallurgists, has been appointed group director of research to the DELTA METAL COMPANY, which he joined in 1968 as head of the central laboratories and research services at Ipswich. He will also be managing director of Delta Materials Research, under which title the laboratories are being reorganised.

Mr. Gordon Holloway, chief executive of RALLI MERRILL LYNCH (INTERNATIONAL), has been appointed managing director.

Mr. I. MacKinnon, managing director of Glaxo Laboratories, has been appointed president of LABORATOIRES GLAXO SA, the group's subsidiary in France, with effect from January 1, 1974, on the retirement of Dr. G. P. Shierlaw. Mr. P. Scruton, marketing director of Glaxo Laboratories, will succeed Mr. MacKinnon as managing director.

Mr. D. N. Lindon, currently head of the marketing services division of Glaxo Holdings, will succeed Mr. Scruton as marketing director of Glaxo Laboratories on the same date.

Mr. Stanley N. Bottrill will be

appointed president of the RETAIL CREDIT FEDERATION at the annual conference on Thursday, September 20. Mr. Bottrill is joint managing director in the credit retail business of M. Bottrill and Sons.

Mr. W. D. D. Allen has been appointed secretary of AAR and of BRITISH FUEL COMPANY. He succeeds Mr. T. G. Thomas, who has retired.

Mr. P. E. G. Balfour and Mr. B. C. Watson will join the Board of HARP LAGER on October 1 in place of Mr. J. J. Craster and Mr. E. S. Swallow, who retire on that date. Mr. N. G. Browne is to become financial director.

Mr. B. E. Quetch and Mr. Browne are joining the Board of HARP LAGER (Sales) from October 1.

Mr. Frank Rogers is to become director of corporate relations of the PLESSEY COMPANY at the end of the year when he retires as director general of the News-Paper Publishers Association. At Plessey he will succeed Mr. John Dennett.

Mr. Roger Castleman has been appointed commercial and financial director of the STANDARD ENGINEERING COMPANY. Mr. Julian Swain has become sales and marketing director. Mr. J. G. Wearing has been made a director and general manager of Pochin and Gent.

Both concerns are members of the Halmis group.

Mr. Peter J. P. Brench, an associate director, has been appointed a full director of J. H. VAVASOUR AND CO.

# hüls in a favourable position

## 1972

the sales volume of Chemische Werke Hüls AG rose by 7.5% — evidence of the good demand for our products. The turnover growth of the Hüls Group of 1.5% to DM 1,499 m turned out less mainly due to currency changes. The upturn which became evident from the autumn of 1972 has continued. During the first six months of 1973, turnover rose by 20%. This also puts Hüls on the road to achieving a good result, an objective whose achievement depends not least on overall economic developments.

## DM 206 m

the Hüls Group invested during 1972. To safeguard future competitiveness, investments of DM 319 m and DM 347 m had previously been made in 1970 and 1971. Meanwhile a number of new plants have come into operation. These capacity extensions already yielded positive results at the beginning of 1973 and will become fully effective by the end of 1973.

Despite the partially extended capacity, there are delivery difficulties with some products. But we shall make every effort to remove bottle-necks.

Continuing the environmental protection measures carried out for 30 years, in 1972 for this purpose

## DM 27 m

were spent. DM 9 m of this were pure investments. The actual expenditure was even greater. Many measures for the protection of the environment form part of the technology of the plants and therefore cannot be accounted for separately. DM 14 m alone were spent on improving the exhaust-air condition of our power supply.

## 34.5%

of the CWH production was exported in 1972. From October 1972 an increase in demand began which for many products rose by leaps and bounds in 1973. Thus the share of exports during the first half of 1973 reached about 37%. This promises further improvement in turnover and profits.

## 1973

will certainly not bring a yield bonanza because the investments, whose costs had encumbered the results of 1971 and 1972, are only partly offset in 1973 through these new plants. In addition, there is also the effect of the rationalization investments which contribute towards increasing the profit potential of the company. The upward trend, however, emerges clearly from a comparison between the results of the first six months with those of 1972. For the second half of the year, too, we expect fully utilized capacities and growing demand in important segments. When, for instance, the new 400,000 ton a year ethylene plant, built jointly with VEB-Chemie, and the new natural gas power station start up at the end of 1973, a further important step will have been taken.

So Hüls is in a favourable position. To see it stay that way, we have the support 15,000 of the employees of the Hüls Group. Among them are 350 chemists and physicists, 500 engineers, 1000 technicians and laboratory staff, 2000 sales staff and 1000 foremen and 3500 skilled workers. Together with all the other occupational groups represented in the works, they contribute their share to the continued development of the company.

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WEDNESDAY SEPTEMBER 12 1973

## A European identity

ON THE face of it, the meeting of European Community Foreign Ministers does not appear to have achieved anything very startling, or to justify the mood of euphoria which has been generated in Copenhagen. The Ministers made some progress on a statement of the "European identity," agreed on a list of ten topics which they would be prepared to discuss with the United States, and adopted most of a draft text which could be the basis of a joint Community-U.S. Declaration.

But it is difficult to imagine that the definition of a "European identity" will be more than a relatively anodyne form of words which, if it satisfies all nine member states, is unlikely to do more than paper over their different conceptions of the nature of the Community.

Much the same goes for the draft European-U.S. declaration, which may well contain fine sounding phrases, but is unlikely by itself to bring about a new era in trans-Atlantic relationships. The preparation of a list of ten topics for discussion with the U.S. is a more constructive and more practical step; but it remains to be seen whether the detailed examination of these topics will produce an agreed European position, let alone lead to any agreement with the U.S.

Yet these carping criticisms, though justified as far as they go, miss the point. Ever since the spring the United States has been asking for a dialogue on trans-Atlantic problems with the European Community, and the French have consistently opposed the idea of any such dialogue. Now, quite abruptly, the French have changed their minds, and the Copenhagen meeting can not unreasonably be seen as the start of concerted foreign-policy making by the Community. It is, of course, only a start: the proof of the pudding will be in the eating.

## The consequences of price control

THE CONSEQUENCES of a lengthy period of price control on nationalised industry finances are clearly demonstrated in the annual report of the Electricity Council, published yesterday. With net assets of £5,388m., the electricity supply industry showed a profit after interest in 1972-73 of a mere £2m. Since total costs during the year rose by £159m., revenue remained inadequate and fell a long way short of meeting the financial objective of a 7 per cent. return on net assets which had been agreed with the Government for the five-year period 1969-74. At the end of March, 1973, the industry was £334m. short of the cumulative financial objective and had no hope of achieving it.

## Domestic tariffs

The Council estimates that price restraint imposed by the Government between 1970 and 1973 has cost the industry at least £165m. Sir Peter Menzies, chairman of the Council, pointed out yesterday that over the five years to April 1973 domestic electricity tariffs had increased by only 19 per cent., while the retail price index had risen by 41 per cent., coal prices by 56 per cent., weekly earnings by 66 per cent. and the cost of building a power station had about doubled. The industry, said Sir Peter, was now selling electricity below cost.

Clearly this situation cannot be allowed to continue indefinitely. The fact that Sir Peter was echoing the sentiments expressed recently by other nationalised industry chairmen merely underlines the urgent need for the Government to formulate and stick to a clear policy on state industry finances. To agree financial targets with an industry and then to impose policies which make it impossible for them to be achieved does nothing but damage the industry's morale and weaken its financial disciplines.

Three steps are required. The first is to establish as

pudding will be in the eating. But the French once having put their weight behind the idea of a European foreign policy, however wordy and insubstantial the first sketch may look, will find it more difficult to disregard the precedent set in Copenhagen.

The reasons for the French change of position are not far to seek. For some time they have been worried about the long-term implications of the German Ostpolitik, and the risk (as they have seen it) that Bonn would lose interest in the Community. They may well have calculated that the idea of a Community foreign policy might have considerable appeal in Bonn, and might even serve to counterbalance growing German resentment at the costs of the common agricultural policy.

The French have also been worried by the development of U.S.-Soviet relations, notably in the context of the bilateral Strategic Arms Limitation Talks, and most recently by reports that the U.S. is preparing to support Soviet demands for a rapid conclusion to the European Security Conference. They may well hope that a trans-Atlantic dialogue can be used to exert pressure on the U.S. to pay more attention to European wishes.

## Reform

Finally, the French evidently believe that the U.S. is now backing away from any early reform of the monetary system and is in no hurry to see an abandonment of the dollar system. Until there is some sign of real progress on monetary reform, the French are determined that the U.S. shall be offered no concessions in the trade negotiations, and in Tokyo they are fighting a hard battle to this effect. But it is a battle which needs a united Community front, and co-operation in Copenhagen may well help them secure this.

## Japan: in balance now abroad but overheating at home

From CHARLES SMITH, Far East Editor, Tokyo

THE MINISTERIAL meeting of GATT which opens in Tokyo on Wednesday to inaugurate the new round of international trade negotiations may turn out to be a milestone in Japan's relations with the rest of the world. The Japanese worked hard to get the new round of GATT talks started and hope to gain some credit during the talks by mediating on important issues between the U.S. and Europe. They are also counting on gaining at least some recognition from their trading partners for Japan's own recent record in the liberalisation of import restrictions.

Last but not least, Japan hopes the delegates in Tokyo will take note of the turnaround that has recently occurred in the country's balance of payments and of the vast increase, since the beginning of the year, in the value of Japanese imports. The balance of payments is now almost certain to record a modest deficit for 1973 in place of the huge surpluses registered last year and the year before. Meanwhile imports have been increasing, for the last four months or so, by about 90 per cent. over the previous year's levels.

All these factors make the autumn of 1973 an excellent time for Japan to play host to a conference of world Trade Ministers. Yet there is an ironic side to the improvement that is taking place in Japan's reputation as a trading nation. Its domestic problems are increasing at the very time when its international problems seem to be coming under control. There are even signs that the nation is losing its traditional consensus on the aims and objectives of economic growth.

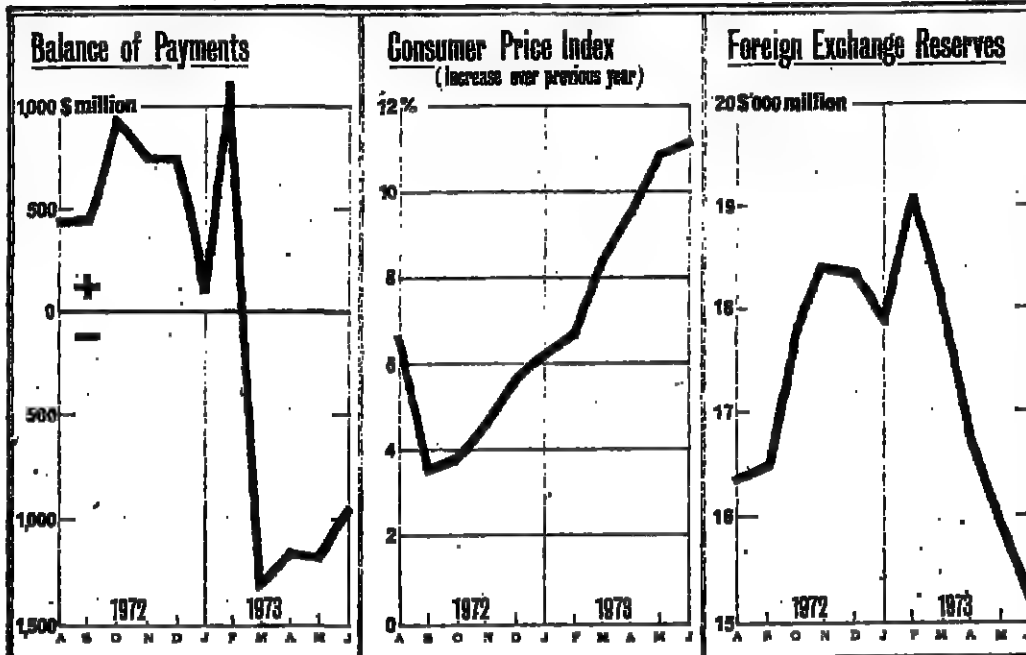
## Conflicting priorities

The essence of the problem is that Japan has been caught in a tangle of conflicting economic priorities. The Government, urged on by its electorate by outside pressures and by its own inclinations to take a larger share of economic power into its own hands, has been promoting a plan for "restructuring of the Japanese economy" which would shift resources away from private capital and investment towards public spending on welfare projects and on infrastructure.

The plan has the advantage that Japan desperately needs to make good shortcomings in its public services which are in glaring contrast with those of developed Western countries. It also has the merit of promising to reduce the resources being devoted by industry to the excessive increase of export capacity. But it has had the drawback of being launched at a time when Japan is, already, experiencing one of the most spectacular — and inflationary — booms in its post-war history.



Ginza, Tokyo



The rate of economic growth from the second quarter of 1973 to the first quarter of 1974 was remarkable even by Japanese standards. The real growth rate from one quarter to the next was running at between 3 and 4 per cent. during most of last year which means that the economy's annual growth rate was comfortably over 12 per cent. This spectacular recovery from the prolonged recession of 1971 and 1972 has, by now, resulted in severe pressures on the capacity of some of Japan's key industries: steel, chemicals and the construction industry, for example, are all seriously overstretched, and for industry as a whole the ratio of inventories to shipments is at the lowest level ever recorded in Japanese statistics. The wholesale price level, a key indicator of Japan's competitive position in world markets, was running at a level almost 16 per cent. higher than a year earlier at the end of July.

But what really bothers the Japanese authorities is not so much what has happened already but what could happen if industry forges ahead with the investment plans it has adopted to cope with current shortages of capacity. A recent survey of investment plans by big manufacturing companies showed that, on average, industry was planning to spend 30 per cent. more on capital investment in the current fiscal year (ending in March, 1974) than it spent in fiscal 1972. It seems to have been this survey that prompted the Bank of Japan to raise its discount rate by 1 per cent. at the end of August — the fourth increase since the beginning of 1973.

Analysts who have been studying the effects of the latest interest rate increase believe that it should at least start to damp down the industrial investment boom. On a rough calculation there is now only a 1 per cent. margin between the rate paid by prime industrial borrowers for their investment capital and the profit they can expect to draw from their new investments. For smaller companies, which have

## Pegged at 10 per cent.

to pay more for their borrowed capital, the latest increase in bank rate has probably eliminated the margin completely. A further mildly reassuring piece of evidence comes from the Bank of Japan's periodic survey of the financial position of industry. This shows that the percentage of companies reporting a tight financial position is now slightly greater than those still claiming to be liquid (early this year the balance was overwhelmingly the other way round).

The conclusion to be drawn from all this may be that the Government is at last making some headway in persuading industry to cut down on its investment plans—at least for the immediate future. Japanese economic forecasters now expect a slower rate of growth (to the extent of one or two percentage points) in the first quarter of next year: there are even some who predict "shadows" over

certain major Japanese industries in the New Year, and there are confident predictions that Japan will be able to keep its growth rate in 1974 down to no more than 10 per cent.

But if four successive increases in Bank Rate have at last made an impact on industry, it does not follow that the Government has also overcome Japan's inflationary problems, nor that it has reached the stage at which it can begin to devote resources to its own plans for economic restructuring. Consumer prices (up in July by 11.7 per cent. on the level of a year earlier) are expected to go on rising at an accelerating pace for at least the remainder of the year if only because of the need to catch up with the still more inflationary wholesale price index.

Japan's industrial workers are spending the proceeds of a 20 per cent. wage increase (the largest ever recorded) in the so-called Spring Wage Offensive against the employers. Moreover, there are fears that the unions may ask for another 20 per cent. (in far less propitious economic circumstances) next year.

It is therefore natural to ask whether Japan has really got anywhere nearer to sorting out its economic priorities—and in particular whether the Government is anywhere near launching its long-awaited public welfare programmes. The only possible answer to this question is that economic transformation—or the "remodelling of the Japanese archipelago" as the Japanese Prime Minister, Mr. Kakuei Tanaka, labelled it in a best-selling book published last year—is now going to take a good many years longer than originally envisaged. The mere publication of the Tanaka book, which named areas throughout Japan for redevelopment, has been a factor in the inflation of the past 12 months since it resulted in an immediate bout of property speculation throughout the country.

In the more recent past the Government's plans again ran foul of the overall trend of the economy, when last spring's record budget clashed with accelerating price increases. The Government was forced first to defer to the second half of the year much of the spending on infrastructure schemes proposed in the budget and later to cancel altogether some 600,000 yen worth of proposed expenditure. It is unlikely that next year's budget, which will again have to take account of inflation, will be stretched to include much of this year's postponed expenditure. Instead, the restructuring plans may have to wait for long-term changes in the taxation system which may increase the Government's financial leverage. But while the Tanaka plan and other projects wait on the

shelf for a more favourable economic climate there is one respect—though it is not the one closest to Mr. Tanaka's heart—in which Japan's economic resources do seem to be finding their way into unfamiliar channels. This is the long-term growth of direct investment overseas by Japanese companies, which has begun to get under way since 1970.

Until very recently Japanese investments abroad were limited (under Government regulations) to amounts of \$500,000 or less for each project, and the cumulative value of the country's overseas direct investment was estimated at slightly more than \$2,000m. This figure has risen over the past two years or so to around \$6,000m. and there are estimates that it may grow to anywhere between \$28,000m. and \$40,000m. by the end of the decade.

## Power stays where it is

The massive export of capital by Japan, apart from its implications for the country's balance of payments, may be only a partial blessing for the rest of the world. South-east Asian recipients of Japanese investments have already launched accusations of economic domination against Tokyo. Japan also runs the risk of being accused of exporting environmental pollution from its home ground to the areas in which its investments may be concentrated. But while both of these issues are of prime importance, the fact remains that the present upsurge in overseas investment provides convenient answers to at least some of the problems generated by Japan's excessive rate of industrial expansion. It promises to reduce some of the pressure on land resources which originally prompted Mr. Tanaka to draft his "remodelling" plan. It also offers a means of diverting Japan's resources into channels that do not produce an ever-bigger increase in direct exports.

It is for reasons like these that Japan's overseas investment boom—when it finally gets into full swing—may offer solutions to many of the problems which were originally destined for solution by the Government's ambitious restructuring plans. The investment boom has an additional advantage: it can be and is being launched without any of the cumbersome changes in the internal economic system that will be required before the Tanaka plan can get properly under way. But there is one major limitation to this answer to Japan's economic predicament, which has almost certainly not escaped any of those involved. It leaves power where it has always lain in the hands of big business.

## MEN AND MATTERS

## The bankers sign up their ex-Governor

It is a symptom of Lord O'Brien of Louth's unusual relationship with London's bankers that, having retired as their central banker, they should now elect him to represent them. His appointment as president of the British Bankers' Association is unique in fact, since the BBA has only recently expanded to become a significant body; and in spirit. But then the bankers know that the main job of the BBA president over the next few years will be negotiating for them within the EEC, and O'Brien's view that "the supremacy of London as an international financial centre is founded on a freedom from vexatious banking legislation equalled in few countries" suits the average bankers' distaste for what the bureaucrats of Brussels may do.

Yesterday O'Brien, though stressing that his previous views on the subject were now subject to finding out what BBA members felt, left the impression that he will fight hard to maintain a system which is "extremely flexible, against the background of minimal legislative control. He even used the phrase, when asked how unified a body the BBA really is, that "Coherence is brought about by facing the common enemy."

The coherence point is important, since other EEC countries have longer established bankers associations as vehicles for contact with the Federation Bancaire and to transmit views to the Brussels Commission. The BBA was, as O'Brien says, "fairly moribund" until expanded to take in the merchant banks and discount houses as full members (88 of them now) and 179 others

associate members, including foreign banks in London.

Eric Faulkner, who will hand over the BBA presidency to O'Brien in December (having more than enough to occupy himself with as chairman both of Lloyds Bank and of the Committee of London Clearing Bankers) has already struck a fairly trenchant line on Europe. He said of the Commission's draft directive for the harmonisation of banking rules that the BBA cannot support it "as it stands at present" (and it is already in pretty detailed form). In O'Brien, while he admits that some measures of legislative control are inevitable and desirable, British bankers, so far operating in the only country in the Common Market with no statutory banking law, will have a firm supporter of self-discipline to represent them.

## Courting W. H. Baxter

While it might not be very big in terms of hard cash, the bid by WGI for W. H. Baxter is more than passing interest because it brings into the firing line Sir Donald Kaberry, the former Leeds Grammar School boy who has been Tory MP for Leeds North-West since 1950. Kaberry is chairman and managing director of Baxter, a public but unquoted concern which makes crushers for the quarrying and mining industries.

WGI through its financial advisers Williams Glyn has been trying for many weeks now to get some kind of per- tinent discussions going with the Baxter Board because WGI believes Baxter provides a perfect fit for one of its subsidiaries which also serves the quarrying and mining businesses. In a fit of frustration WGI yesterday announced terms

of a bid "just to let Baxter's know that we are serious and would like to talk seriously."

Apparently Kaberry was not particularly pleased to hear about the bid. He is one of Leeds' most prominent citizens, a solicitor who seemed destined for very high places in the Tory hierarchy. Between 1950 and 1961 he was vice-chairman of the party but since 1961 he seems to have concentrated his energies more on local affairs. Now 66, Kaberry can obviously call on plenty of Leeds support if he wants to fight, even though he and the rest of the Board have only 17 per cent. of the Baxter issued capital under their personal control. His first, brief public reaction to the bid was to say: "It is inadequate and will not be recommended."

## Carry on at last

The long-suffering shareholders of Anthony Carrimore, which used to enjoy the title of The Steel Barrel Scammells and Associated Engineers and, before 1966, to pay dividends, have at last some prospect of action. Yesterday agreement in principle was announced for Carrimore to make a reverse takeover of John Ratcliff (Tail Lifts) on terms which would leave the private Ratcliff shareholders with three-quarters of the enlarged company.

This is not exactly the end of the tunnel for the 500 Carrimore shareholders, should they approve the deal, for any reorganisation on the Stock Exchange would obviously take time, and anyway John Ratcliff, eponymous chairman of the tail lift company, reckons reorganisation as a relatively unimportant part of his plans, the main reason for wanting Carrimore being purely commercial.

Having gained, he says, 80 per cent. of the British tail lift market, he wants to expand in Carrimore's strength, the tipper business.

But at least the Carrimore members have the chance to join a company which makes money (£4m. last year) and a romantic story as well. For the Ratcliff business, now concerned with all forms of lifting, be it lifting beer barrels onto lorries or stretchers into ambulances, started modestly enough in 1964. Its asset was that John Ratcliff's father had already invented the Burtonwood lift, the market leader. But the Burtonwood company had been sold to an American one, and he quit six years later.

Within three years, Burtonwood had been bought by Associated British Masters, which offered to buy out the Ratcliff new business for £250,000. They refused, and four years later, unfortunately just after the death of Ratcliff senior, the family had the satisfaction of making the merger the other way around, buying Burtonwood from ABM for a total of £1m.

Now, with the Ionian Bank (whose clients control 35 per cent. of Carrimore) blessing the deal, the Ratcliffs are feeling acquisitive again. One uses the plural, for it is still very much a family affair, chairman John Ratcliff's managing director being his 29-year-old sister Jean.

## Free for all

The Reuter tape yesterday described President Allende as "the Western world's first freely-elected head of State."

Then this was corrected. He became its first "freely-elected Marxist head of State." I am sure Karl would have relished the distinction.

Observer



## Meanwhile we're doing the same thing with his overalls.

Cleaning (and repairing) them. So he doesn't have to. Or his wife. Because his firm operates an overall service. Now he has clean, repaired Sketchley overalls every week and feels as though he really belongs.

How does it work? You provide storage and distribution arrangements. Sketchley will provide regular and complete weekly deliveries. A local service representative will take care of any queries on his regular visits. Management involvement is minimal.

The result? The go-ahead image that well turned out workers can give. Employees develop a sense of increased loyalty, a professional attitude which leads to higher productivity.

And it's probably cheaper than you think. Send for the free booklet. It tells you all about the Sketchley Overall Service and a new towel service from the same experienced team.

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**BY SANDY McLACHLAN**

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## Reckitt and Colman ahead by 24.3%

### ● comment

The first half pre-tax gain of almost a quarter by Reckitt and Colman would have been nearer a third but for the group's conservative accounting treatment of exchange fluctuations; in general it looks as though borrowings incurred in the acquisition of Olin have been revalued, but the heavy goodwill element in the purchase has not been correspondingly written up. In Reckitt's U.K. interests have put in a particularly strong performance, which is in line with the group's plans to cope with its potential A.C.T. problems. Other divisions have been weaker, but the U.S. was held back by the weakness of the dollar, while the

## Up so far

A final dividend of 2.0825p net, equal to 2.5775p gross, makes a total up to 9.5775p from 3.75p. Earnings per share are shown at 6.91p (4.95p), before crediting extraordinary items of £12,702 (debit £11,750).

	1977-78	1971-72
Gross turnover	4,964,425	3,642,408
Trading profit	494,487	367,413
Interest receivable	12,379	45,473
Depreciation	1,000	1,000
Provision for contingencies	1,000	1,000
Profit before tax	143,866	155,286
Net profit	938,253	1,542,267
Dividend	1,000	1,000
Reserves	4,822,272	221,851

Net profit on sale West Draxton provided for charges removal of £1m (£nil) and tax adjustment £33,510 (debit £11,750).

The company is engaged in the manufacture and fitting of plastic pressure pipes, plumbers' mer-

FROM SALES £14,39m. ahead at £53.76m, first half 1978 profit of Blackwood Hodge has spurred £10.1m. to £2.56m. This represents a recovery to the level of the 1971 half-year.

It is not possible to make a reliable forecast for the current six months, but the directors feel that the year's profit will show a substantial improvement over the £1.7m. of 1977. They thus a-total dividend of 17.8 per cent. was paid.

Earnings were 6.9p (4.08p) per share basic and 6.17p (4.1p) diluted.

Blackwood Hodge specialises in the sale and servicing of earth-

The general engineering division maintained its 1972 rate of profit-earning and its management

**Plessey's chairman, Sir John Clark, who announces 12-month profits up from £20.7m. to £31.5m. pre-tax.**

per cent.

Statement Page 24

**Asphalt Record**

The improved profit indicated by Anglo American Asphalt for the year to March 31, 1978 turned

problems, abundant resources available since December are beginning to have their effect; international landings arranged from London have grown healthily, and new ventures recently started are beginning to contribute to profits. In particular:	<table border="1"> <tbody> <tr> <td>Groundroving etc</td> <td>profit</td> <td>£100</td> </tr> <tr> <td>Property interests</td> <td></td> <td>750</td> </tr> <tr> <td>Total trading profit</td> <td></td> <td>1,415</td> </tr> <tr> <td>Net interest payable</td> <td></td> <td>475</td> </tr> <tr> <td>Profit before tax</td> <td></td> <td>940</td> </tr> <tr> <td>Taxation</td> <td></td> <td>254</td> </tr> <tr> <td>Minorities</td> <td></td> <td>68</td> </tr> </tbody> </table>	Groundroving etc	profit	£100	Property interests		750	Total trading profit		1,415	Net interest payable		475	Profit before tax		940	Taxation		254	Minorities		68
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## MINING NEWS

## U.S. metal crisis ahead

ANNUAL SHORTFALL, valued at \$100,000,000, between mineral production and the U.S. requirements will occur by year 2000 in the opinion of Elbur Osborn, director of the Bureau of Mines. But he says that technological advances help bridge the gap.

Remarks prepared for delivery before the American Congress, Mr. Osborn says within 50 years the U.S. may rely on foreign sources for at least half its mineral needs. "We will be coming for those foreign mineral resources," he adds.

He stated that could lead to a shortage that would make current energy crisis look like a good day by comparison. "We possess both the lead and the scientific know-how to develop such a crisis," says Mr. Osborn, pointing out that existing resources can be stretched with improvements in technology, advances in exploration techniques, use of substitute minerals and recycling.

## ROYAL AGASSIZ

Canada's Royal Agassiz Mines (London) is reaching production by end of next year at its Lynn gold property in Manitoba. The mine, of approximately 1,000 (\$154,000) has been developed by the sale of 0.5m.

## Plessey full year and fourth quarter results: and final dividend

The Plessey Company's consolidated results for the fourth quarter and for the year to 30 June 1973 are as follows (with the previous year's results and the equivalent quarter by way of comparison):—

	3 months to 30 June 1973	3 months to 30 June 1972	12 months to 30 June 1973	12 months to 30 June 1972
Turnover	89,500	78,300	328,100	283,600
Profit on Trading	13,877	9,542	43,756	32,573
Depreciation	3,662	2,809	11,358	8,812
Operating Profit	10,315	6,733	32,398	22,761
Investment Income (see NOTE)				
—Trade Associates	1,631	840	2,529	2,048
—Other	413	77	1,385	419
Interest Payable	12,589	7,850	36,312	25,229
Profit before Taxation	1,085	1,165	8,950	4,502
Taxation Payable	11,294	8,685	31,462	20,727
Taxation Equalisation	3,292	2,078	9,490	5,840
Minority Interests	740	980	2,660	1,300
Supplementary Depreciation	7,267	4,227	19,362	12,847
Profit before Extraordinary Items	23	24	137	91
Extraordinary Items (Net)	29	63	143	180
Profit after Extraordinary Items	7,200	4,198	19,093	12,376
Dividends including proposed final	7,200	4,198	23,439	12,425
—Including tax credit			8,870*	8,333
Earnings per Share				
—Before Extraordinary Items	3.8p	2.2p	10.2p	6.0p
—After Extraordinary Items			12.6p	6.7p

NOTE: To assist comparable analysis the dividend received from I.C. (Holdings) Ltd. in 12 months to June 1972 amounting to £862,000 has been shown against Trade Associates and not as Other Investment Income as in 1972 Annual Report & Accounts.

The trend of improved results was maintained in the fourth quarter, operating profit of £10.3 million being £3.4 million or 49% on the comparable quarter of the previous year. The year's operating profit at £32.4 million was £9.6 million or 42% in excess of previous year.

The increase in Profit before Taxation for year of £10.7 million to £31.5 million reflects a substantial improvement in overseas operations which contributed £8.5 million compared with £1.7 million in the previous year. Investment income now adds the attributable profit from our investment in International Computer (Edgemoor) Limited compared with the dividend received in the year to June 1972. Our improved cash position has also contributed more than offsetting the increased interest cost caused by higher interest rates.

Profit after Taxation for the year at £19.4 million is an improvement of 53%. Taxation relief from transitional relief from the new Corporation Tax and other adjustments relating to overseas, as a result of the rate of tax is lower in spite of the increase in the United Kingdom Corporation Tax rate for the quarter.

With only marginal changes in both share price and minority interest the earnings per share of 10.2p show an improvement of 55%. Extraordinary items include the net cumulative

relative favourable effect over the year of 'currency' exchange rates on the value of overseas net assets, amounting to £2.7 million, and that part of the capital gain (net of tax) on the disposal of the Group's 49% interest in Square D Limited, amounting to £1.7 million, which has been realised over and above the £1.6 million brought into prior year Accounts (up to June 30th 1972) as attributable profits on our investment in Square D Limited.

At June 30th 1973 the Order Book in total was substantially higher than twelve months earlier, the overseas content being up by 32%.

The final dividend of 1.25 pence per share now recommended is, with the 30% Tax Credit, equivalent to 54p. This, together with the interim dividend paid on July 2nd 1973, is equivalent to a total distribution of 10.5% for the year compared with 10% in 1971/2. The increase is the maximum permissible under the Government's counter inflation legislation.

The final dividend, if approved, will be paid on November 14th 1973 to Shareholders whose names are recorded in the Register at close of business on October 5th 1973.

The Company's full Report & Accounts will be posted to Shareholders on Tuesday October 2nd 1973.

The Annual General Meeting will be held on Thursday November 1st 1973 at Millbank Tower, 21-24 Millbank, London, S.W.1.

**PLESSEY**

The Plessey Company Limited, Ilford, Essex, England

## RECENT ISSUES

## EQUITIES

Stock	1973	1972
Bank of America	100.00	95.00
Bank of Montreal	100.00	95.00
Bank of New York	100.00	95.00
Bank of Paris	100.00	95.00
Bank of Spain	100.00	95.00
Bank of Tokyo	100.00	95.00
Bank of West	100.00	95.00
Bank of Zurich	100.00	95.00
Bank of London	100.00	95.00
Bank of India	100.00	95.00
Bank of China	100.00	95.00
Bank of Japan	100.00	95.00
Bank of Korea	100.00	95.00
Bank of Taiwan	100.00	95.00
Bank of Hong Kong	100.00	95.00
Bank of Shanghai	100.00	95.00
Bank of Canton	100.00	95.00
Bank of Hankow	100.00	95.00
Bank of Tientsin	100.00	95.00
Bank of Peking	100.00	95.00
Bank of Nanking	100.00	95.00
Bank of Soochow	100.00	95.00
Bank of Hangzhou	100.00	95.00
Bank of Ningbo	100.00	95.00
Bank of Wenzhou	100.00	95.00
Bank of Jiaxing	100.00	95.00
Bank of Shaoxing	100.00	95.00
Bank of Taizhou	100.00	95.00
Bank of Quzhou	100.00	95.00
Bank of Jinhua	100.00	95.00
Bank of Wuyao	100.00	95.00
Bank of Shaoxing	100.00	95.00
Bank of Taizhou	100.00	95.00
Bank of Quzhou	100.00	95.00
Bank of Jinhua	100.00	95.00
Bank of Wuyao	100.00	95.00

## FIXED INTEREST STOCKS

Stock	1973	1972
Bank of America	100.00	95.00
Bank of Montreal	100.00	95.00
Bank of New York	100.00	95.00
Bank of Paris	100.00	95.00
Bank of Spain	100.00	95.00
Bank of Tokyo	100.00	95.00
Bank of West	100.00	95.00
Bank of Zurich	100.00	95.00
Bank of London	100.00	95.00
Bank of India	100.00	95.00
Bank of China	100.00	95.00
Bank of Japan	100.00	95.00
Bank of Korea	100.00	95.00
Bank of Taiwan	100.00	95.00
Bank of Hong Kong	100.00	95.00
Bank of Shanghai	100.00	95.00
Bank of Canton	100.00	95.00
Bank of Hankow	100.00	95.00
Bank of Tientsin	100.00	95.00
Bank of Peking	100.00	95.00
Bank of Nanking	100.00	95.00
Bank of Soochow	100.00	95.00
Bank of Hangzhou	100.00	95.00
Bank of Ningbo	100.00	95.00
Bank of Wenzhou	100.00	95.00
Bank of Jiaxing	100.00	95.00
Bank of Shaoxing	100.00	95.00
Bank of Taizhou	100.00	95.00
Bank of Quzhou	100.00	95.00
Bank of Jinhua	100.00	95.00
Bank of Wuyao	100.00	95.00
Bank of Shaoxing	100.00	95.00
Bank of Taizhou	100.00	95.00
Bank of Quzhou	100.00	95.00
Bank of Jinhua	100.00	95.00
Bank of Wuyao	100.00	95.00

## BIDS AND DEALS

## Bristol Street lifts bid for Griffiths Bentley

Bristol Street Group has raised its bid for Griffiths Bentley, the seat belt and industrial fastenings group, from 26.5p a share to 28.4p a share to value the company at £16.5m. GB's share price remained unchanged at 25.2p.

As expected the terms have a recommendation, but the GB Board is not unanimous in its agreement. Mr. Stephen Proctor, who owns just over 1 per cent of the shares and is a member of the family which built up GB's Bristol Excelsior seat belt subsidiary, has taken separate advice from Standard Industrial Trust and is not recommending the terms.

A spokesman for SIT said Mr. Proctor had a "whole host of objections, of which one is the fact that the most important is the industrial logic—there are massive objections." Mr. Proctor is to give his detailed reasons after documents have been sent out.

Mr. John Court—who took over as chairman of GB recently following the resignation of Mr. Per Hegard subsequent to the above-mentioned takeover—said yesterday: "It is a very fine deal for both companies which we could not fail but to recommend." He said the merger would create a powerful integrated group with all interests in engineering and automotive fields.

The Proctor family owns about 71 per cent of the GB equity, but it is not certain that they will follow Mr. Stephen Proctor's line. There were signs of a split when Mr. Oscar Proctor (Bristol Excelsior) and Mr. R. R. Proctor, departed from Bristol in October, 1972.

Other major shareholders in GB are Bryanston, which is probably the largest with 8.8 per cent, and the ICI Pension Fund, with somewhat less.

The deal is subject to there being no reference to the Monopolies Commission, an event which BSG chairman, Mr. H. G. Cressman, maintained yesterday was unlikely.

Mr. Cressman said he could not see how Mr. Proctor—who had not been offered a seat on the BSG Board—could dispute the industrial logic of the deal, particularly when the Bristol Excelsior is inclined to the Bryanston deal "where there was no industrial logic."

Both companies made profit forecasts yesterday. Bryanston's trading profits up from £3.4m. to £4.5m. for 1973, but with high interest rates hitting it heavily, particularly on its hire purchase business, pre-tax profits are expected to be little changed at £2.1m. against £2.1m. last year. GB's profits are forecast at £3m. for the year to March, 1974 (before minorities of £30,000), a rise of £1m. on the 1972-73 figure.

Terms of the offer are 28.4p shares (up to 48p), plus £1 of 101 per cent convertible unsecured loan stock 1983-88 for every 100 GB shares. The stock will be convertible between 1975 and 1983 at 185 shares per £100 of stock. GB members will receive a special interim of almost 0.22p a share if the offer becomes unconditional.

Samuel Montagu, who has advised BSG, intends to offer to acquire the BSG convertible stock at £100 per cent. Slater Walker has advised GB.

## SHARE STAKES

Con-Mech Engineers, of Woking, Surrey, has acquired a further 253,000 shares in Raine Engineering Industries and now holds 1,065,000 (13.4 per cent).

Sun Life Assurance Society has a result of recent purchases has an interest in 9,025,000 Arizone Properties Ordinary (£2.15 per cent), with the holding on August 30 of 7,536,544 shares (27.91 per cent).

## ASSOCIATES DEALS

On September 8, Rowe Swann bought 20,000 Bristol St. Grp. at average 47.88p for an associate of BSG.

On September 10, Grieson Grant, brokers of House of Fraser, bought 5,880 Fraser at 105p for discretionary clients, and bought 25,000 at 105p for Scottish and Universal Investments, an associate of Fraser.

Lyndon and Co. yesterday bought 2,000 Vic Mallam at 177p on behalf of associates.

## PRUDENTIAL-EDGER

The Prudential offer for Edger Investments has been accepted in respect of 9,004,829 shares (91.94 per cent of those not controlled by Prudential at the date of the offer) and has been declared unconditional as to acceptance. The Prudential controlled 125,000 shares on June 12, the date of the offer, and since then has acquired a further 630,000 at 25p.

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## Shanghai Electric bid details

Full details of the scheme of arrangement whereby the New Zealand group Brierley Investments is to acquire the Shanghai Electric Construction Company, a London-registered company, have now been sent out.

They show that the offer for Shanghai Electric will be 68p a share in line with the net asset value as at July 31, 1973. Following completion of the deal, an aggregate sum of £2,500 will be paid to the three Shanghai Electric directors as compensation for loss of office to be divided among themselves as they decide.

## McCORQUODALE PURCHASE

McCorquodale and Co. has acquired 15 per cent of McCorquodale Colour Display for 138,000 Ordinary shares (worth £336,000) and now owns all the share capital of that company. The consideration shares carry the right to the interim dividend of 3.33p per share payable October 1.

## SEA SEARCH-BERRY WIGGINS

Recommending the offer from Berry Wiggins, Mr. V. P. Brooks, chairman of Sea Search, points out that the bid would, on full share acceptance, result in shareholders in Sea Search holding 48.7 per cent of the enlarged Berry capital and the price being quoted last night was 170p nominal.

## WGI OFFER FOR W. H. BAXTER

Engineering group WGI has made a £119,500 offer for W. H. Baxter, a public but unquoted concern which makes crushers for the quarrying and mining industries and units for the sand, gravel and quarrying industries.

## RYDER TRUCK EXPANSION

Ryder Truck Rental has acquired Venture Transport, the commercial vehicle contract hire and leasing company, from Bullens Transport Services, the Giltspur subsidiary.

## CANADIAN VICKERS

The offer made in Canada by Vickers to acquire additional Com-

## Fredk. Cooper buying Lapley Engineering

Subject to shareholders' approval, Frederick Cooper (Hidex) has reached agreement to acquire Lapley Engineering for 1.55m. shares worth £338,600. At March 31, 1973, net tangible assets of Lapley amounted to £280,245 and its directors forecast pre-tax profits for the year to September 30, 1973, will be not less than £110,000.

## Goldman Group acquisitions

H. Goldman Group is acquiring the capitals of Super Clocks (Importers), Time Efficiency and Lubinet Market for £238,600—£73,600 cash and £165,000 by the issue of 300,000 Ordinary shares, with the balance of £100,000 payable in three equal annual instalments.

## WILSON &amp; LONGBOTTOM

Wilson and Longbottom of Burnley, specialised textile machinery makers, has purchased all the patterns, drawings and technical information of Robert Hall and Sons (Bury).

## PARAMBE STAKE IN LITTLE HAVEN

Parambe has acquired 605,000 Ordinary shares (17.37 per cent.) in Little Haven Farms.

## SHIPTON

The Bankers Trust International offer for Shipton Automation has become fully unconditional, the remaining conditions having been satisfied. Acceptances have been received in respect of about 70.2 per cent. The offer remains open.

## CANADIAN VICKERS

The offer made in Canada by Vickers to acquire additional Com-

## Carrimore reverse bid for Ratchiff

Terms have been agreed in principle for the acquisition by Anthony Carrimore of John Ratchiff (Trall Lifts) in exchange for Ordinary and Convertible Preference shares of Carrimore. Ratchiff is not listed on The Stock Exchange, but is the biggest manufacturer in the U.K. of vehicle tail lifts, a market allied to those in which Carrimore is involved.

## THF has over 72% of Travelodge

Trust Houses Forte announces that it has now over 72 per cent of Travelodge International following last month's offer. A total of 1,731,480 shares of the Common stock was purchased for cash and 132,533 shares were already owned before the offer was made.

## R. WYLIE HILL

In a circular dated September 8, R. Wylie Hill and Co. outlined proposals for the future of the company, which included the sale of part of the Burgham Street store for £1m in Austin Reed.

## Coley-Rotolin profit rise

Engineers Coley-Rotolin Group has lifted its pre-tax profit from £26,590 to £51,546 for the year to March 31, 1973. At half way, with profits up at £40,627 (£57,825) the directors were forecasting an "appreciable" increase.

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## Heenan Spark

the Investment Group with substantial financial and industrial interests

In January 1973, Spark Holdings Limited merged with Heenan Beddow Limited to create a company with net assets in excess of £5m. and a substantial earning base. The Board and Management of Spark Holdings was reorganised with the appointment of the Heenan Beddow Directors to the Board and the name of the Company was changed to Heenan Spark Limited.

## Group Policy

The Group is pursuing the policy which has seen the following for Heenan Beddow shareholders in the past three years:

Earnings per share rising from nil to the equivalent of 5.3p per Heenan Beddow share.

Net assets rising from 5.8p to the equivalent of 41.7p per Heenan Beddow share.

Dividends rising from nil to 8.25p (gross) per Heenan Beddow share.

## This policy is—

To combine sophisticated financial expertise with strong commercial and industrial resources.

To develop existing interests and locate long-term investment opportunities in companies with both substantial asset backing and sound progressive businesses, allied to the Group's present activities.

To impose tight financial controls with four-weekly accounting throughout the Group.

To encourage and assist all companies in the Group to develop their businesses autonomously.

## Results

Profit before taxation, extraordinary items and printing company losses £1.2 million

Earnings per share based on above 3.91p.

Dividend per share (gross) 3.75p.

## Future Prospects

All Divisions are performing well in the current year and we are confident that 1973/4 will show a substantial advance in the Company's progress and in its earnings per share to the benefit of shareholders and employees.

## Group Structure

HEENAN SPARK LIMITED	FINANCIAL DIVISION	INDUSTRIAL DIVISION
	Banking	Property
	Heenan Beddow Securities Limited	Heenan Beddow Developments Ltd.
	Commercial & Investment Banking	
	Consumer Goods	Engineering
	Rosedale Industries Limited	Hall & Kay/Ductwork
	Manufacture, marketing and design of plastic goods	Environmental control heating and ventilating equipment
	Conway Stewart & Company Ltd	Cretfield/Blackstock
	Manufacture of writing instruments	Precision engineering
	Taylor Law & Co. Ltd	Hawke Cable Glands Ltd
	Manufacture of kitchen and Housewares	Manufacturer of electric cable glands
	W. & H. James Ltd	J. T. Price & Company Ltd
	Manufacturers of garden tools	Tronite Limited
	Bonsor Limited	Non-ferrous foundries in brass, bronze and aluminium
	Manufacturers of pyjamas and shirts	
	Stability (Hosiery) Limited	
	Manufacturers of mens and boys socks	
	Swedish Turnery & Plywood Co Ltd	
	Distributors of imported timber products	

If you would like to read the full story of the Company's activities, structure and achievements to date, please write to the Secretary for a copy of the Annual Report and Accounts.

Heenan Spark Limited Kingsbury House 15-17 King Street St James's London SW1Y 6QU Tel: 01-930 0011







# COMPANY NEWS

## Plessey £10.7m. upsurge: Overseas boost

OVERSEAS operations contributed £6.5m. more profits to Plessey than in the year ended March 31, 1973, in respect of £10.7m. to £31.4m. in the year ended June 30, 1973.

At that date, total order book was substantially higher than at the end of the year ended June 30, 1972, and overseas content showed an increase of 32 per cent.

Press conference, chairman Mr. Clark said he viewed the year with "a mood of optimism." However, as to date had been mainly a steady state, and he foresees a steady element across the company.

HELPED BY FIVE months' contribution from recent acquisition of Adler Group, Audiotronic Holdings almost doubled its first half pre-tax profit from £464,000 to £908,000 on turnover for the six months to June 30, 1973, of £5.7m. compared with £3.1m.

Sales were said to be running 60 per cent ahead after three months.

Chairman of the Beckenham-based hi-fi distributors, Mr. G. W. Smith, puts the Adler contribution at £237,000 before tax.

The interim dividend—forecast at 20 per cent—is to be 25 per cent gross—1.75p net. Last year a single 30 per cent was paid on a pre-tax profit of £1,257,000.

Mr. Smith points out that the greater proportion of the group's profits are earned in the second half and the directors are confident that subject to no unforeseen circumstances, a "very satisfactory result" will be achieved for 1973.

The F. C. C. business of five retail shops acquired in May has been successfully incorporated into the company's existing retail chain, members are told.

Excluding Adler, pre-tax profits at Audiotronic are 43 per cent higher on a 37 per cent turnover increase which surely emphasises that the hi-fi boom has not yet peaked. Indeed, unlike most of the retail sector Audiotronic has not experienced any slowdown in sales since VAT, although higher costs are eroding margins.

Still as things stand at the moment Audiotronic should complete 1973 in much the same growth vein as seen in the first half. A 13 net p/s at 12.5p on past twelve months earnings and doubling up the Adler contribution therefore has its merits.

Phillips Patents position

From internal accounts the directors of Phillips Patents (Holdings) have, it is apparent, taken the restrictive action taken early in the year is proving successful, states Mr. J. A. Rowland-Jones, the new chairman.

He does not propose to make a profit forecast for the current year in view of the fact that the six months' figures will be available at the end of this month and will be circulated prior to the meeting on October 4.

Mr. Rowland-Jones, the new chairman, reports that every unit showed a satisfactory increase in sales for the half year. The increase in turnover is due, to a great extent, to the substantial contribution made by the additional companies acquired in mid-1972, which did not contribute to the first-half results for that year.

Orders on hand at end June were at a higher level than in 1972, and this increase has been maintained to date, he reports.

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## Costain tops £4m. in first half

WITH TURNOVER £10m. ahead at 507m. at half way, Richard Costain's divisions are on a profit of £4,094,000, against £3,053,000 for the six months to June 30, 1973, compared with the 1962 period.

And chairman Mr. J. P. Sowden in his first interim report predicts with confidence "significant" progress in the full year's results compared with the 58m. pre-tax profit for 1972.

The interim dividend is raised to 2.5p gross—1.65p net—from an adjusted 2.17p and the directors intend to recommend a substantial increase over last year's adjusted total of 5p, subject only to any maximum permitted by then current legislation.

The first-half pre-tax profit comprises general trading £4,268,000 (£2,429,000), net income from rents of land and buildings £444,000 (£141,000), and property sales £129,000 (£200,000), less higher interest of £745,000 (£884,000).

Order books now stand at a record 500m. and the directors say it is encouraging to note this is spread usefully across all divisions both in the U.K. and internationally.

Half Year 1973 1972

Turnover £10,070,000 £9,563,000

Net income from rents 444,000 141,000

Property sales 129,000 200,000

Net profit 4,094,000 3,053,000

Pre-tax profit 4,268,000 2,429,000

Interim dividend 2.5p 2.17p

Balance 1,402,130

Statement Page 22 See Lex

Expansion costs hit Abel Morral

A considerable increase in overheads, to cater for future planned expansion, has resulted in a fall in first half taxable profits of Abel Morral (makers of needles and general small wares) from £123,230 to £109,336, reports chairman Mr. R. G. Lewis.

Recalling that, in his annual statement last March, he expressed confidence in both current and future prospects, Mr. Lewis says this confidence, in the longer-term, remains unchanged.

The interim dividend is rounded up from 0.67p, adjusted for a scrip, to 7p gross—0.49p net—per 5p share, payable in January for tax reasons. Total for the year 1973 was equal to 2.35p, paid on profits of £228,543.

Six months 1973 1972

Sales £1,400,579 £1,083,852

Profit 109,336 123,230

Tax 56,136 74,438

Pre-tax profit 165,472 48,792

Available 53,381 72,550

\* include a contribution from British Needle which did not apply to corresponding period. Corporation tax liability expected to be offset entirely by allowances carried by exceptional expenditure; but Board considers provision should be made by transfer of £25,000 to equalisation reserve.

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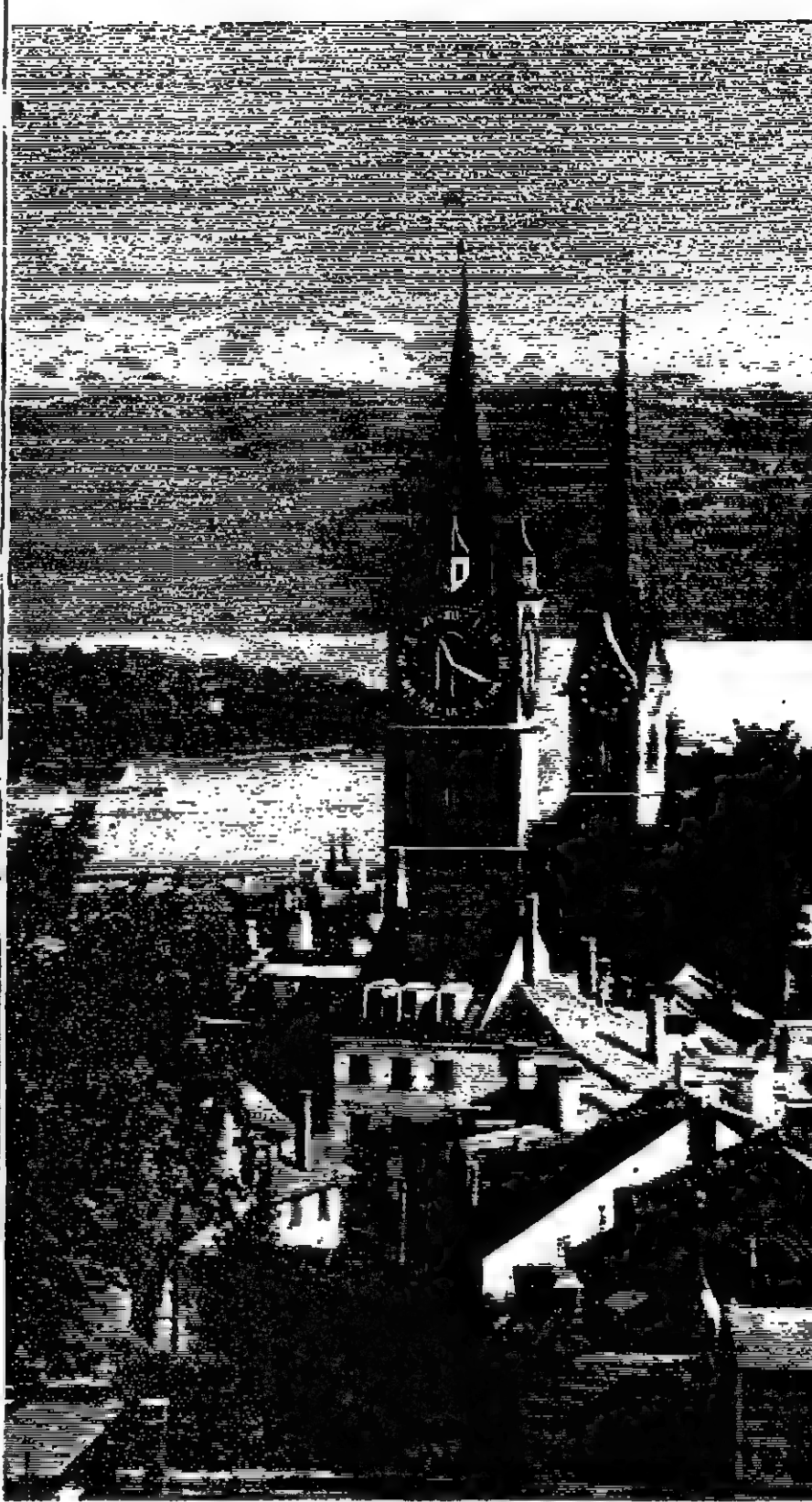
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## One good idea led to another. A good idea in Canada led us to Zurich.



Over 100 years ago, we saw Canada's need for financial backing to develop her rich natural resources. That was our first good idea. It led to other good ideas in Zurich and in many other places in the world: Good ideas about trade, investment and international financing.

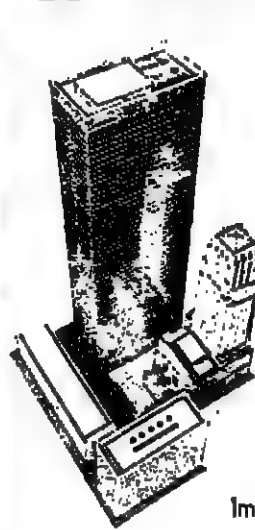
Today we have over 1500 branches from the Atlantic to the Pacific and offices in Australia, Europe, Frankfurt, Japan, London, the U.S.A. and throughout the Caribbean. We are one of the world's largest banks with over \$13 billion in assets.

We have seen a lot of small businesses become big businesses and a lot of good ideas become realities.

If you have a good idea, come and talk to us. We know what good ideas can lead to. That's how we became one of the world's largest banks.

For further information write to Dept. UF6, Canadian Imperial Bank of Commerce, P.O. Box 408, 2 Lombard Street, London EC3P 3EU, or our head office—Commerce Court, Toronto M5L 1A2, Canada.

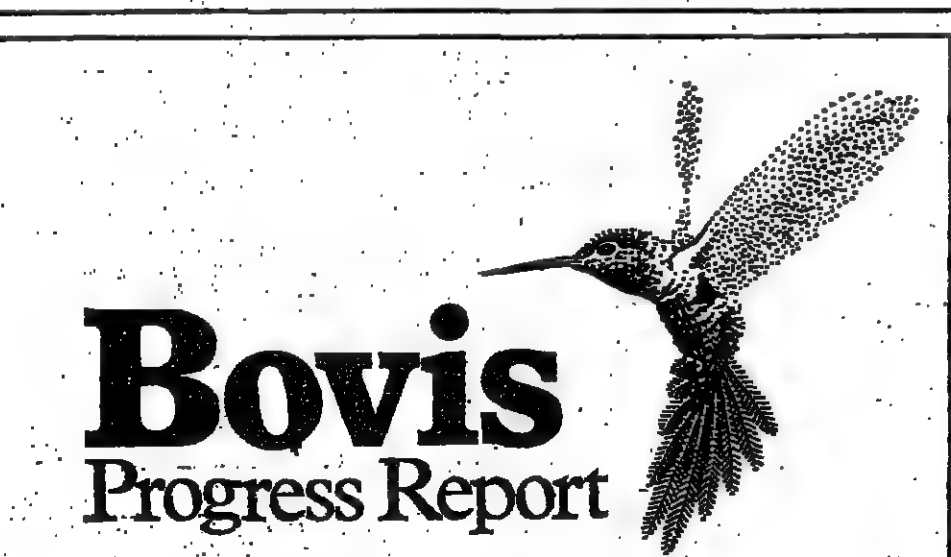
CANADIAN IMPERIAL BANK OF COMMERCE



Commerce Court—Head office of Canadian Imperial Bank of Commerce.

(This announcement appears as a matter of record only)

## INTERIM STATEMENT



## Bovis Progress Report

Earnings. Unaudited accounts for the six months ended 30th June 1973 show profit for the Group before tax and minorities of £6.03 million, compared with £5.1 million in the same period last year. The outlook for the full year is promising. Your Board expect to maintain satisfactory earnings growth while beginning to demonstrate the Group's true asset strength.

Dividend. The interim dividend of 12.6% (including tax credit) on the Ordinary share capital will be paid on 2nd January 1974 in order to obtain the most advantageous tax treatment.

Property. The Division has continued to progress as developer and trader, and the portfolio has been considerably enhanced.

Housing. Turnover and profits in the first half year were at record levels. Our mortgage subsidy for first time buyers is maintaining stability in spite of volatile interest rates.

Construction. We have now moved completely away from tendering for building projects, and all new work is on the more stable fee basis. Since March, fee-based contracts worth £53 million have been obtained.

Banking. First half profits were £948,000 (1972—£501,000), and profits for the whole year will undoubtedly be a record.

(Highlights from the statements by Mr. Frank Sanderson, Chairman of Bovis Limited, in the Interim Report, September 1973.)

Bovis Limited, Property, Housing, Construction, Banking

## Montfort's first half advance

Group turnover of Montfort (Knitting Mills) expanded from £2,550,394 to £2,225,230, and profit advanced from £291,181 to £282,318, subject to tax of £82,043, against £38,072, for the half year to June 22, 1973, reflecting acquisitions.

Despite even greater pressure on margins, due to rising raw material and overhead costs the directors look forward "with considerable confidence to a satisfactory result for the full year." Profit for 1972 was £291,153.

The interim dividend is raised from 4.2 to 4.4 per cent net. The 1972 net total was 14 per cent.

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# MEDIOBANCA

## BANCA DI CREDITO FINANZIARIO S.p.A.

### US \$500,000,000

#### 10-year loan

Arranged by  
**Orion Banking Group**

Provided by  
**Credito Italiano**

Algemeine Bank Nederland N.V.  
Amro Finance Company, Ltd.  
Bank fuer Kredit und Aussenhandel A.G., Zurich  
The Bank of Kobe, Limited  
Banque Belge pour l'Industrie S.A.  
Banque Canadienne Nationale  
Banque de la Societe Financiere Europeenne  
Banque Europenne de Tokyo S.A.  
Berliner Handels-Gesellschaft-Frankfurter Bank  
Caisse Centrale des Banques Populaires, Paris  
The Chase Manhattan Bank, N.A.  
Compagnie Luxembourgeoise de Banque S.A. (Dresdner Bank Group)  
Continental Bank  
Continental Illinois National Bank and Trust Company of Chicago  
Credit Commercial de France  
Credit Industriel et Commercial

Crédit Suisse  
Credito Italiano, London  
The Dai-ichi Kangyo Bank, Limited  
The Daiwa Bank Limited  
The First Pennsylvania Banking and Trust Company  
First Wisconsin National Bank of Milwaukee  
Girard Trust Bank  
The Hokkaido Tokushoku Bank Limited  
Hypobank International S.A.  
The Indiana National Bank  
Interunion Antilles N.V.  
Japan International Bank, Limited  
The Kyowa Bank Limited  
The Long-Term Credit Bank of Japan Limited  
Marine Midland Bank - New York  
Marine Midland Bank - Western, Nassau  
The Mitsubishi Bank, Limited

The Mitsubishi Trust and Banking Corporation  
The Mitsui Trust and Banking Co. Ltd.  
National Westminster Bank Group  
Orion Bank Limited  
Orion Term Bank Limited  
The Provincial Bank of Canada  
The Royal Bank of Canada  
The Royal Bank of Canada (International) Limited  
The Sanwa Bank, Ltd.  
The Sumitomo Bank, Limited  
The Tokai Bank, Limited  
UBAF Limited  
United Chase Merchant Bankers Limited  
Westdeutsche Landesbank Girozentrale  
Western American Bank (Europe) Limited



## INTERNATIONAL COMPANY NEWS + EURO MARKETS

## CFP seeks listing in London

By David Curry

Campagne Française des Pétroles, the holding company of the French Total group, is seeking a listing on the Stock Exchange in London. It will offer 13,888,769 "B" shares.

The bankers arranging the introduction are Morgan Grenfell and Co., and the Banque de Paris et des Pays-Bas. It is expected that the company will be listed towards the end of September.

The French oil major has a substantial stake in the North Sea through the French Group and is well established in the U.K. petrol market. Its activities embrace the exploration, production, refining and marketing of oil and gas products and petrochemicals.

The company ranks 37 in the Fortune list of the 300 largest industrials outside the U.S. ranked by sales. Its 1972 sales were \$2,806m. and assets were worth \$3,926m.

## Eurofuel sets up operation in Belgium

By Rupert Cornwell

PARIS, Sept. 11. FRANCE'S EFFORTS to gain a substantial foothold in the nuclear fuel manufacturing field have been carried a step further with the creation of a Belgian subsidiary by Eurofuel, the mainly French group set up in March this year.

Under the deal, details of which have just been announced here, Eurofuel, in which Pechelony-Ugine-Kuhlmann has a 51 per cent. interest and Westinghouse of the U.S. 35 per cent., will be the majority shareholder in a new company, Société Belge de Fabrication de Combustible, to make fuel for pressurised reactors.

Eurofuel will have 60 per cent. of the equity of the new venture, with Westinghouse having 16 per cent. and the Belgian group, S.A. Metallurgique, 24 per cent.

Present French strategy in the nuclear fuel field is to ensure that French reactors, for which an ambitious programme is planned, can be supplied by fuel from within France. Westinghouse has already provided the pressurised water technology under licence for Crenco-Loire to build the first four French nuclear power stations. S.A. Metallurgique (MMN), which is controlled by Société Générale holding company, the remaining 24 per cent.

Under the terms of the agreement, MMN's Dessel plant in Belgium will be transferred to the new group. It is situated about 30 miles south of Antwerp, and has a capacity of about 200 tons uranium content for making fuel ready for pressurised water reactors.

Combustible material manufactured at Dessel has been supplied to nuclear power stations in Belgium, France and Holland, and the latest arrangements which link it with such powerful names as PUK and Westinghouse will help its ambition to extend its scope further.

## United Aircraft merger with Signal called off

BY OUR NEW YORK STAFF

NEW YORK, Sept. 11.

THE SIGNAL companies and United Aircraft Corporation have abandoned their merger talks, partly because they failed to reach an agreement on the valuation of Signal's major North Sea oil discovery.

Mr. Forest N. Shumway, president and chief executive officer of Signal Companies, noted that the value of North Sea oil becomes increasingly important in light of the growing uncertainty about Middle East oil and gas reserves. As a result of the nationalisation much higher prices for crude oil can be expected which of course increases the value of known reserves, he said.

From the start the merger has been beset with problems and complications. First there were the anti-trust implications of the proposal, since Signal through its Garrett Corporation, is also an aircraft manufacturer. Rumours suggested that the Justice Department was taking a very careful look at the agreement, which would have created a company

with sales of approximately \$3,500m. and an industrial standing of about 20th in the nation. Then, shortly after the merger was announced in early July, Camp Investments, a Canadian investment firm which manages the fortunes of the Bronfman family, made a tender offer for 1.5m. of Signal's 19.7m. outstanding shares. At the time the company accused the bidders of trying to undermine the merger agreement with UAC, and took legal steps permanently to enjoin Camp from executing its tender offer.

The proposed merger between the major manufacturer of aircraft engines and helicopters and the diversified oil producer would have seen Signal companies' shareholders receiving one convertible preferred share of UAC for every three shares of Signal's common stock. Signal companies stock currently trading at \$21.35 a share would be worth a total of \$413.6m. down from \$471m. when the merger was announced. UAC is being traded at \$86 a share.

## Immediate prospects for BHP are 'favourable'

THE BROKEN HILL Proprietary Chairman Sir Ian McLennan has told the annual meeting of shareholders that "the immediate future trading prospects appeared favourable."

But he added that it was "a matter of course that the Federal Government decided to cancel the exemption of dividends paid from profits from mining for minerals, including petroleum."

Apart from our concern generally at their withdrawal of dividend exemptions "we are especially concerned" at its abruptness, he said.

Referring to the Prices Justification Tribunal's hearing about an application for a 9.4 per cent. increase in steel prices, Sir Ian said the Tribunal's reaction would have a considerable bearing

on BHP's ability to earn "the sort of return to which we are entitled from our heavy investment in the steel industry."

He said BHP would be allowed to resume direct overseas recruiting of labour. "This was temporarily suspended early this year but I am glad to be able to report that the Government has just decided to allow us to resume."

Sir Ian said the latest revaluation of the Australian Dollar was bound to affect export earnings but if it had the desired effect of dampening inflation "the price may be worth paying."

Referring to "economic nationalism" he said "care must be taken not to lose the goodwill of our trading partners."

## Kangyo Bank subsidiary

BY OUR OWN CORRESPONDENT

AMSTERDAM, Sept. 11.

THE JAPANESE Dai Ichi Kangyo Bank is to open a subsidiary in Amsterdam. Dai Ichi's vice president, Shuzo Muramoto, announced yesterday at a reception for the introduction of Dai Ichi's CDRs on the Amsterdam Stock Market.

Dai Ichi plans to open subsidiaries and affiliates in several other countries where it also wants to be listed on the local stock markets.

Kangyo shares will be listed in the form of Continental Depositary Receipts each representing 100 shares of ¥50, and first dealings will start on September 11, with first price based on the closing price on the Tokyo Bourse on that date. Based on the closing price in Tokyo yesterday the value of one CDR would be about ¥1410, in order to let resources keep

pace with the business volume the bank has decided to raise its outstanding share capital to ¥71,000m. from ¥54,000m. The increase will be carried through two issues.

One will be of ¥18,200m. at par with rights on a three-for-one basis. The remaining ¥52,800m. will be placed by a public offering of 16m. shares at about the Bourse price, he said.

**Liquor stake**  
SOCIÉTÉ MOÛT-CHENESSY, champagne and liquor producer, has announced acquisition of majority interest in Société Cardillon Renault et Cie. Cardillon, a family-owned producer of cognac, has annual sales of about Frs.50m., of which 80 per cent. is exported.

## Schering exports, sales increase

FRANKFURT, Sept. 11.

Schering, the Berlin-based chemicals and pharmaceuticals concern (one of the world's leading manufacturers of oral contraceptives) reports a further improvement in proceeds during the first half of this year.

Group sales, at DM760m., rose by 12.1 per cent. compared with the same period in 1972, thus slightly exceeding the growth rate for the whole of 1972. Export performance from the domestic company (total sales DM444m. in the half-year) was even better: at DM238m., they represent a 15.3 per cent. increase compared with the previous year.

The profits of the domestic company have not yet been affected by the recent currency changes in view of measures taken to safeguard them and of the minor reduction in delivery prices to foreign associates.

The management hopes that in spite of the burden of increased costs, the Government's stability measures and the currency changes, 1973 will once again close with a satisfactory result. Last year Schering profits rose by 19 per cent. to DM514m. and a dividend of 20 per cent. was paid for the fourth year running.

## SABA doubles pre-tax earnings

SKANDINAVISKA Aluminium

PROFILER AB (SAPA), the Swedish metal extrusion company which recently opened a plant in the U.K., has reported first-half pre-tax earnings of Sw.Frs.3.5m., a 61 per cent. increase on the same period of last year. Turnover rose by 34 per cent. to Sw.Frs.43.9m. in his report, the managing director, Mr. Lars S. Bergström, says that the Swedish market for aluminium extrusions has risen sharply so far this year. SAPA claims a 30 per cent. share of the Swedish market, and imports held a further 25 per cent. Total consumption is expected to rise by a fifth to a record 21,000 tonnes, although extrusion prices are likely to rise further because of dearer raw aluminium.

SAPA's investment in its new plant at Tibshelf, Derbyshire, and its decision to open a wholly owned subsidiary in Switzerland "will give positive results during the second half of 1973." The company is ultimately controlled, via a Dutch holding company, by RTZ-Pillar.

● Nixdorf Computer (Pty.), a subsidiary of Nixdorf Computer AG, of West Germany, said it will treble its share capital to £750,000 to establish a broader base for expanding its activities to all major centres in South Africa.

● The South African market for film and photography is expected to be worth £25m. within five years. Early next year a local leasing and rental company will be formed in association with a local finance company.

● Mitsumi Electric Company's provisional net profit for the six months ended July 31 totalled ¥761m., up from ¥426m. a year earlier.

● Sales for the half rose to ¥11,440m. from ¥10,180m. a year earlier. The company forecast net profit for the year ending January 31, 1974, at ¥12,600m., up from ¥7,400m. a year earlier.

● Mitsumi's sales for the full-year are estimated at ¥23,740m., up from ¥20,520m. a year earlier.

● Varta Group half year results to June 30 show a total turnover of £84.1m., representing an increase of 9.5 per cent. on



The Boeing 747SP model has a shorter fuselage than the basic version of the Jumbo Jet. With a range of almost 7,000 n.m. it could give Pan Am a significant advantage over other carriers unless they accelerate their decisions on a purchasing policy.

## Pan Am asks the questions

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

MANY MAJOR airlines throughout the world, including British Airways in the U.K., will be obliged quickly to re-think their aircraft purchasing policies in the wake of the decision by Pan Am to buy Boeing 747SP (Special Purpose) version of the Jumbo jet.

Pan Am's decision, announced last Monday, is to buy 10 of these aircraft, worth \$350m. (over £116m.) including spares and support equipment, for delivery from the first quarter of 1978, with options on another 15 aircraft for delivery between 1977 and 1979. It already has 32 of the basic version of the Jumbo jet.

Pan Am has obviously been able to convince its bankers that whilst there is no future in spending money on Concorde at this time, there is every reason for going full out on new subsonic aeroplanes to meet a special type of demand that is now emerging in the world airline industry.

What is so significant about this decision is that the 747SP is a 'very long-range aircraft', with a capability of flying nearly 7,000 miles non-stop. It is a smaller aircraft than the basic Jumbo jet. In that its fuselage is 47 feet shorter. As a result, its passenger load is smaller, 280 passengers against the normal 360 of the basic Jumbo. It is a 'passenger-plus' in some cases going up to 500.

Thus, with the SP Boeing has produced a special class of airliner ideally suited for very long-range routes where traffic densities do not require such high seating as are available with the normal Jumbo. Over the long-range version of the McDonnell Douglas DC-10.

For example, it will be able to carry its full payload, including cargo, over such routes as New York-Tokyo, New York-Tehran, Tokyo-Amsterdam, New York-Tel Aviv, Chicago-Europe, and San Francisco-Europe non-stop.

It will make possible one-stop operations between London and Australia, and certainly only two-stop operations between London and Tokyo via India and South-East Asia.

In the fleet of British Airways it could revolutionise long-haul travel—which is why that new airline group, formed out of the amalgamation of BOAC and BEA, has been studying the 747SP closely.

Thus, over the next few months, British Airways and a wide range of other airlines with long-haul routes—Trans World Airlines, KLM, SAS, Japan Air Lines and El Al Israel to name just a few—will have to take a long, hard look at their requirements, and place orders quickly if they do not want to be left at a competitive disadvantage to Pan Am.

Boeing's decision to go ahead with the 747SP was taken only recently, and represented a bold decision to strike out on a new path in airliner development. It saw the increasing emergence of the need for a very long-haul aircraft, and adapted its Jumbo jet to meet that demand.

Boeing's view is that it may well sell 200 or more of the 747SPs alone over the next few years, and it will be building them alongside the standard 747s (which will continue to be built) on its line at Everett, north of Seattle.

So far apart from the 747SPs, Boeing has logged orders for nearly 240 Jumbo jets, and has delivered 214 of them. The new

SP model will help to revitalise the line, and will give Boeing a much stronger industrial base upon which to develop other versions of the aeroplane.

It is thinking, for example, for an extended fuselage model capable of carrying up to 700 passengers. It is already also building a short-range model.

The 747SP also has other advantages. One of the most important is that because of its lighter gross weight (it weighs 125,000 lb. less than the basic Jumbo), and because of improvements to the Pratt & Whitney JT8D-7 engines, it will use 15-20 per cent. less fuel than standard Jumbos, and will be a little quieter. It will also fly a little faster than the basic Jumbo.

It will be able to use less runway, and climb faster to higher altitudes—the normal flight level will be well over 47,000 feet, that will take the aircraft above virtually even the worst of long-haul routes, especially the weather, and above all other air traffic except Concorde.

It will also have 80 per cent. "parts commonality" with the basic Jumbo, providing cost savings and advantages of engineering experience to airlines now using or planning to use the basic Jumbo.

The Pan Am decision has other implications in the world air transport industry. First, it indicates that the U.S. airlines are now feeling a little more comfortable about the long-term outlook, which could mean that the long "airliner buying moratorium" is coming to an end.

Secondly, it must give Lockheed Aircraft Corporation something to think about. Lockheed, who is building the TriStar with the Rolls-Royce RB-211 engines for medium-ranges, has

been talking for a long time about building an "extended range" version using the new engine model of the RB-211, the 24, of 48,000 lbs. thrust.

Lockheed had been bidding the Pan Am deal with this in competition with the 747SP, but it has lost the deal, that thereby the 747SP is firmly launched on the airliner marketing scene.

There will now be a significant intensification of the search for these "long-haul, density" airliner markets. Boeing, Lockheed, and McDonnell Douglas bitterly compete every order.

British Airways' position is of special interest. By it is buying the basic Lockheed TriStar for BEA, the price will be on it also to buy extended-range TriStar for its own operations, especially the U.K. Government's financing the development of updated RB-211 engine.

But British Airways is firmly wedded to the 747, of which it already has two more on order. It intends to buy more standard version until it has about 30 in its fleet. Clearly, the 747SP would be a better fit, as well as the extended-range TriStar model.

Thus, once again, re-equipment decision, American has not only itself into the lead but has forced the world air industry to seriously re-equip procurement policies, next few months could be one of the most interesting dramatic in airliner procurement for a long time past.

## Company Results

## Kawasaki to pay higher dividend

● Kawasaki Heavy Industries is considering increasing its dividend by 10 per cent. to ¥3 per share from ¥2.5 paid earlier. Kawasaki paid a ¥2.5 dividend for the March term.

● Kawasaki expects net profit for the September term to total ¥4,500m., up from ¥2,700m. in the half, and ¥3,950m. a year earlier.

● Full Photo Film Co. expects net sales of more than ¥75,000m. and net profit of more than ¥3,500m. for the six months to October 31, the managing director Mr. Tsuneo Miyahara has said.

● This compares with net sales of ¥69,370m. and profit of ¥3,845m. for the six months to April 30. The company will pay a dividend of ¥3.75 (unchanged).

● The company has maintained its 70 per cent. share of the Japanese photo film market, and is planning to issue new stocks at current market prices or convertible debentures, but the time did not seem ripe, Miyahara said.

● Mitsumi Electric Company's provisional net profit for the six months ended July 31 totalled ¥761m., up from ¥426m. a year earlier.

● Sales for the half rose to ¥11,440m. from ¥10,180m. a year earlier. The company forecast net profit for the year ending January 31, 1974, at ¥12,600m., up from ¥7,400m. a year earlier.

● Mitsumi's sales for the full-year are estimated at ¥23,740m., up from ¥20,520m. a year earlier.

● Varta Group half year results to June 30 show a total turnover of £84.1m., representing an increase of 9.5 per cent. on

the same period of last year. The group's interests are in batteries, pharmaceuticals, dyes, cosmetics, engineering, air conditioning, electronics and plastics.

The statement says that the main reason for the improved figures of the German concern was the growth of 16.3 per cent. in exports, which provided a 15 per cent. share of the group's earnings.

At the same time, the growth was spread evenly across the operating divisions. Batteries showed a turnover of \$45.6m. (€11.1m.), 11 per cent. up; pharmaceuticals, dyes and cosmetics—\$2.5m. (€55m.) 7.9 per cent. up; engineering, air conditioning and electronics in CEAG—\$3.4m. (€8.7m.) 8.2 per cent. up; and plastics firm—\$1.1m. (€2.1m.) 23.1 per cent. up.

● Australian Controls reported consolidated net profit of \$494,763 for the year to June 30 (\$4,438,401). Profit was after provision of \$4,417,137 for taxation and \$233,339 for depreciation.

● Directors declared a final Ordinary dividend of 7½ per cent., payable on October 31, making an increase of 10 per cent. for the year of 15 per cent. (10 per cent.).

● Bell Brothers Holdings reported a loss of \$2,97m. for the year ended June 30, compared with \$1.1m. profit a year earlier. The company's interim report said no dividend will be paid this year.

● David Jones, increased its net profit 23.4 per cent. in the half. Profit was \$4,811m., up from \$3,950m. a year earlier. The annual dividend is 16 per cent. Sales rose by 4.8 per cent.

## Other News

## Textron arranges private placement in Basle

● Textron Inc. has arranged a Sw.Frs.100m. note private placing of \$30m. in the U.S. and bank lines of \$12m.

Proceeds will be used by 100 to finance customer lease of computer equipment, by chase equipment previously to a leasing company and to provide working capital to the expansion of its business domestically and in Europe.

Interest rate was a 12.5 per cent. Major banks participating in Chase Manhattan in private funds under the agreement.

● First National Bank of New York, First National Bank of Minneapolis, Wells Fargo & Mellon National Bank and First Pennsylvania Banking Trust Company, and New Shawmut Bank of Boston.

● A group of nine American banks has signed a plan to make a scrip issue of Occidental Overseas Capital of Delaware, affiliated with Occidental Petroleum Company. The Bank of Tokyo, Tokyo branches of Wells Fargo Bank and First National Bank of Chicago were participating in group.

● The new loan commitment extends DATA 100's borrowing limit from \$19.8m. to \$42m. through April 1, 1976. The agreement provides for a line of credit of \$30m. in the U.S. and bank lines of \$12m.

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This advertisement appears as a matter of record only.

August 24, 1973.

\$200,000,000

## Bank of Finland

(Suomen Pankki—Finlands Bank)

## Ten Year Loan

This financing is managed by

First Boston (Europe)

Banco di Roma S.p.A.

Bank of Montreal

The Long-Term Credit Bank of Japan.

and provided by

Bank of Montreal

Banco di Roma Finance Company Limited

Mellon Bank N.A.

The Royal Bank of Canada

United California Bank

Compagnie Luxembourgeoise de Banque S.A.

Franklin National Bank

The Long-Term Credit Bank of Japan, Limited

Marine Midland Bank

The Mitsubishi Bank, Limited

The Sumitomo Bank, Limited

The Sumitomo Bank, Ltd.

Toronto Dominion Bank

The Bank of Nova Scotia

The Bank of Tokyo, Ltd.

The Dai-ichi Kangyo Bank, Limited

Manufacturers Hanover Banque Nordique

Nordic Bank Limited

Republic National Bank of Dallas

Scandinavian Bank Limited

Société Générale (Paris)

Agent Bank

Mellon Bank N.A.

## SELECTED EURODOLLAR BOND PRICES

## MID-DAY INDICATIONS

	bid	offer		bid	offer
Anglo American 7 1/2% 1987	97 1/2	98	CONVERTIBLES		
Admiral 7 1/2% 1987	97 1/2	98	American Express 4 1/2% 1987	114 1/2	115
Bluebird 7 1/2% 1987	97 1/2	98	American Motors 4 1/2% 1987	98	100
British Land 7 1/2% 1987	97 1/2	98	Amoco 5 1/2% 1984	112 1/2	113 1/2
Cadbury Schweppes 7 1/2% 1987	97 1/2	98	Beatrice Foods 4 1/2% 1982	98 1/2	99 1/2
Carver 7 1/2% 1987	97 1/2	98	Beatrice Foods 4 1/2% 1989	98	100 1/2
Deutsche 7 1/2% 1987	97 1/2	98	Borden 5 1/2% 1982	99 1/2	101 1/2
Edwards 7 1/2% 1987	97 1/2	98	Broadway Hale 4 1/2% 1987	92 1/2	94 1/2
General Cable 7 1/2% 1987	97 1/2	98	Carroll 5 1/2% 1987	98 1/2	100 1/2
Grand Met 7 1/2% 1987	97 1/2	98	Chevron 5 1/2% 1988	102 1/2	103 1/2
ICI 7 1/2% 1987	97 1/2	98	Dart 4 1/2% 1987	101 1/2	102 1/2
Kellogg 7 1/2% 1987	97 1/2	98	Economic Labs. 4 1/2% 1989	98	100 1/2
Leitz 7 1/2% 1987	97 1/2	98	Ford 4 1/2% 1988	95 1/2	97 1/2
M&EPC 7 1/2% 1987	97 1/2	98	Frederick 5 1/2% 1988	94 1/2	96 1/2
M&EPC 7 1/2% 1989	97 1/2	98	General Electric 4 1/2% 1987	94 1/2	96 1/2
M&EPC 7 1/2% 1991	97 1/2	98	Gillette 4		
Merck & Co. 7 1/2% 1987	97 1/2	98	Goldcorp 1987	77 1/2	78 1/2
Monroe 7 1/2% 1987	97 1/2	98	Halliburton 4 1/2% 1987	123 1/2	125 1/2
Novartis 7 1/2% 1987	97 1/2	98	Harvard 4 1/2% 1987	111 1/2	112 1/2
Novartis 7 1/2% 1989	97 1/2	98	Hatco 4 1/2% 1987	111 1/2	112 1/2
Novartis 7 1/2% 1991	97 1/2	98	Hilltop 4 1/2% 1987	120 1/2	122 1/2
Novartis 7 1/2% 1993	97 1/2	98	Hormel 4 1/2% 1986	107 1/2	109 1/2
Novartis 7 1/2% 1995	97 1/2	98	Humana 4 1/2% 1987	111 1/2	112 1/2
Novartis 7 1/2% 1997	97 1/2	98	Komatrac 4 1/2% 1984	121 1/2	123 1/2
Novartis 7 1/2% 1999	97 1/2	98	K. Ray McCremon 4 1/2% 1987	92 1/2	94 1/2
Novartis 7 1/2% 2001	97 1/2	98	Kellogg 4 1/2% 1987	92 1/2	94 1/2
Novartis 7 1/2% 2003	97 1/2	98	Kellogg 4 1/2% 1989	92 1/2	94 1/2
Novartis 7 1/2% 2005	97 1/2	98	Kellogg 4 1/2% 1991	92 1/2	94 1/2
Novartis 7 1/2% 2007	97 1/2	98	Kellogg 4 1/2% 1993	92 1/2	94 1/2
Novartis 7 1/2% 2009	97 1/2	98	Kellogg 4 1/2% 1995	92 1/2	94 1/2
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Novartis 7 1/2% 2163	97 1/2	98	Kellogg 4 1/2% 2149	92 1/2	94 1/2
Novartis 7 1/2% 2165	97 1/2	98	Kellogg 4 1/2% 2151	92 1/2	94 1/2
Novartis 7 1/2% 2167	97 1/2	98	Kellogg 4 1/2% 2153	92 1/2	94 1/2
Novartis 7 1/2% 2169	97 1/2	98	Kellogg 4 1/2% 2155	92 1/2	94 1/2
Novartis 7 1/2% 2171	97 1/2	98	Kellogg 4 1/2% 2157	92 1/2	94 1/2
Novartis 7 1/2% 2173	97 1/2	98	Kellogg 4 1/2% 2159	92 1/2	94 1/2
Novartis 7 1/2% 2175	97 1/2	98	Kellogg 4 1/2% 2161	92 1/2	94 1/2
Novartis 7 1/2% 2177	97 1/2	98	Kellogg 4 1/2% 2163	92 1/2	94 1/2
Novartis 7 1/2% 2179	97 1/2	98	Kellogg 4 1/2% 2165	92 1/2	94 1/2
Novartis 7 1/2% 2181	97 1/2	98	Kellogg 4 1/2% 2167	92 1/2	94 1/2
Novartis 7 1/2% 2183	97 1/2	98	Kellogg 4 1/2% 2169	92 1/2	94 1/2
Novartis 7 1/2% 2185	97 1/2	98	Kellogg 4 1/2% 2171	92 1/2	94 1/2
Novartis 7 1/2% 2187	97 1/2	98	Kellogg 4 1/2% 2173	92 1/2	94 1/2
Novartis 7 1/2% 2189	97 1/2	98	Kellogg 4 1/2% 2175	92 1/2	94 1/2
Novartis 7 1/2% 2191	97 1/2	98	Kellogg 4 1/2% 2177	92 1/2	94 1/2
Novartis 7 1/2% 2193	97 1/2	98	Kellogg 4 1/2% 2179	92 1/2	94 1/2
Novartis 7 1/2% 2195	97 1/2	98	Kellogg 4 1/2% 2181	92 1/2	94 1/2
Novartis 7 1/2% 2197	97 1/2	98	Kellogg 4 1/2% 2183	92 1/2	94 1/2
Novartis 7 1/2% 2199	97 1/2	98	Kellogg 4 1/2% 2185	92 1/2	94 1/2
Novartis 7 1/2% 2201	97 1/2	98	Kellogg 4 1/2% 2187	92 1/2	94 1/2
Novartis 7 1/2% 2203	97 1/2	98	Kellogg 4 1/2% 2189	92 1/2	94 1/2
Novartis 7 1/2% 2205	97 1/2	98	Kellogg 4 1/2% 2191	92 1/2	94 1/2
Novartis 7 1/2% 2207	97 1/2	98	Kellogg 4 1/2% 2193	92 1/2	94 1/2
Novartis 7 1/2% 2209	97 1/2	98	Kellogg 4 1/2% 2195	92 1/2	94 1/2
Novartis 7 1/2% 2211	97 1/2	98	Kellogg 4 1/2% 2197	92 1/2	94 1/2
Novartis 7 1/2% 2213	97 1/2	98	Kellogg 4 1/2% 2199	92 1/2	94 1/2
Novartis 7 1/2% 2215	97 1/2	98	Kellogg 4 1/2% 2201	92 1/2	94 1/2
Novartis 7 1/2% 2217	97 1/2	98	Kellogg 4 1/2% 2203	92 1/2	94 1/2
Novartis 7 1/2% 2219	97 1/2	98	Kellogg 4 1/2% 2205	92 1/2	94 1/2
Novartis 7 1/2% 2221	97 1/2	98	Kellogg 4 1/2% 2207	92 1/2	94 1/2
Novartis 7 1/2% 2223	97 1/2	98	Kellogg 4 1/2% 2209	92 1/2	94 1/2
Novartis 7 1/2% 2225	97 1/2	98	Kellogg 4 1/2% 2211	92 1/2	94 1/2
Novartis 7 1/2% 2227	97 1/2	98	Kellogg 4 1/2% 2213	92 1/2	94 1/2
Novartis 7 1/2% 2229	97 1/2	98	Kellogg 4 1/2% 2215	92 1/2	94 1/2
Novartis 7 1/2% 2231	97 1/2	98	Kellogg 4 1/2% 2217	92 1/2	94 1/2
Novartis 7 1/2% 2233	97 1/2	98	Kellogg 4 1/2% 2219	92 1/2	94 1/2
Novartis 7 1/2% 2235	97 1/2	98	Kellogg 4 1/2% 2221	92 1/2	94 1/2
Novartis 7 1/2% 2237	97 1/2	98	Kellogg 4 1/2% 2223	92 1/2	94 1/2
Novartis 7 1/2% 2239	97 1/2	98	Kellogg 4 1/2% 2225	92 1/2	94 1/2
Novartis 7 1/2% 2241	97 1/2	98	Kellogg 4 1/2% 2227	92 1/2	94 1/2
Novartis 7 1/2% 2243	97 1/2	98	Kellogg 4 1/2% 2229	92 1/2	94 1/2
Novartis 7 1/2% 2245	97 1/2	98	Kellogg 4 1/2% 2231	92 1/2	94 1/2
Novartis 7 1/2% 2247	97 1/2	98	Kellogg 4 1/2% 2233	92 1/2	94 1/2
Novartis 7 1/2% 2249	97 1/2	98	Kellogg 4 1/2% 2235	92 1/2	94 1/2
Novartis 7 1/2% 2251	97 1/2	98	Kellogg 4 1/2% 2237	92 1/2	94



## FARMING AND RAW MATERIALS

## Australian wool prices decline

Our Commodities Staff  
**OL PRICES** fell at the bourse and Sydney auctions today, the first wool sales since the revaluation of the Australian currency was announced. Melbourne prices paid for 100 fleeces were up to 10 cent, easier on last week's sale, while in Sydney they were 5.5 per cent down on the Newcastle sale last week. There was good buying competition at both sales, mainly from Eastern Europe and EEC states, and clearance around 90 per cent of the offerings. Even before the Australian floatation it was generally expected that auction prices would continue to rise, and the high rates were encouraging picking by consumers.

## New world farm trade system call

Our Commodities Staff  
**ASHER WINGGARTEN**, National Farmers' Union secretary, said yesterday he did believe world food prices had fallen to 1971-72 levels. However, individual foods would be up and down with changes in balance of supply and demand. He called for a completely new system of regulating world food and agricultural commerce. America could not be relied on to act as a 'grain granary' for foodstuffs for the rest of the world, he said.

## AUSTRALIA SEEKS HEAT DEAL WITH CHINA

Australia was negotiating with China over a new wheat deal, but had yet to sign a preliminary agreement, the Foreign Office said yesterday. The deal would be for 100,000 tons of wheat, valued at \$100 million, to be supplied over a five-year period. The deal would be a significant step towards normalising trade relations between the two countries. The Foreign Office said it was in the process of negotiating the deal, but had not yet reached a final agreement. The deal would be a significant step towards normalising trade relations between the two countries.

## Copper prices higher on Chile supply fears

BY JOHN EDWARDS

**COPPER PRICES** climbed on the London Metal Exchange following news of the reported ousting of President Allende of Chile. Prices were easier during the day and were slow to react to the news from Chile, so the closing price for three-month wirebars was only \$2.5 higher at \$78.8 a metric ton. But in late afternoon, when the Chilean government was reported to have taken over the copper mines, values climbed steadily to reach \$79.8 and the New York copper market turned from being 1.40 cents a pound lower to the permissible limit of 3 cents higher.

In fact there are mixed views about the situation in Chile, with much depending on the reaction in the country, and amongst copper mine workers in particular, to the removal of Dr. Allende from office. Chile is the second largest exporter of copper in the world, and any serious disruption in production or supplies would obviously have a serious impact at a time when copper is already scarce and prices at peak levels.

However, the recent political strife, labour disputes and technical problems in the copper mines have resulted in serious production shortfalls and considerable delays in deliveries. Output in the first eight months of this year at 360,103 tons was some 25,000 tons below the already depressed 1972 figure and very much below target. In the longer term, therefore, it is felt that a new government in Chile might improve the present poor situation.

But one of the main problems to be overcome is the loss of technical staff, expertise and machinery that followed the nationalisation of the previously U.S. company-owned mines in Chile by Dr. Allende. At the same time it is understood that there is a good deal of political support for Dr. Allende's Government amongst the copper mine workers, and much will depend on which Government has taken over, and how much power it will exercise in deciding the likely disruption in copper supplies.

The timing is particularly

unfortunate since negotiations for the agreement of new supply contracts between producers and consumers under which the bulk of copper is sold normally start within the next month or so. At present there is also considerable uncertainty about supplies from Zambia, the world's biggest copper exporter, following President Kaunda's move to take over complete control of the copper mines there and set up Zambia's own copper marketing company.

Meanwhile, copper prices were initially depressed yesterday by President Nixon's announcement in his statement to Congress that the Administration would press forward with a Bill authorising the sale of over 250,000 short tons of copper from the U.S. stockpile. Both the Senate and House committee chairmen yesterday said they planned to push through the copper stockpile Bill for action in the near future.

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## Promise of cheaper apples

By Our Commodities Staff

A GOOD CROP of home-grown apples this season and consequently lower prices than last year, were forecast yesterday by a spokesman for the National Federation of Fruit and Potato Traders.

Mr. Matthew Mack said that all the main apple-growing areas in Britain were expecting a good crop of Cox's following the rain, and that home-grown apples would be available just at the right time. Supplies of early Worcester, reaching the market shortly, should be good as well.

Generally it was expected that apple prices would be a good deal lower than last year, when the home-grown crop was poor and supplies scarce. Mr. Mack said, however, that supplies of home-grown pears would probably not be too plentiful because of crop damage by a 'plague' of bullfinches.

Cabbages might also be short, following a drop in plantings, but other vegetables should be plentiful. The present glut of tomatoes is expected to evaporate soon, the present hot weather is expected to keep up supplies of home-grown and Channel Islands tomatoes for longer than usual and delay deliveries from Spain.

The timing is particularly

## SPANISH CITRUS EXPORTS

## Bumper crop spells gloom for growers

BY A CORRESPONDENT

SPANISH citrus growers are anxiously pretending that the coming crop is going to be much less than the last one, thereby hoping to excite exporters into paying more for fruit "on the tree."

Producers are issuing forecasts that output of navel oranges will be as much as 40 per cent down on last year, when the country harvested the export record citrus crop of 3m. tons, of which about 1.5m. tons, also a record, were exported.

Those unimpressed by the growers' claims point out that if there were any foundation for such forecasts the exporters would have by now done their rounds of the citrus groves and seen what is developing, would be buying up furiously. Instead, they are showing little interest and prices are low.

Different view

Certainly other sources give a quite different—and for the industry much more depressing—view of the prospects. After last season's disastrous prices, a special commission was appointed to study what action could be taken this year, in anticipation of an even heavier crop than that of 1972. The commission, having natural misgivings, is to some 3.5m. tons.

Since only 850,000 tons will be needed for home consumption, the 200,000 for juice-making, 61,000 for candied and 220,000 for export, which is way above the most optimistic notions of what Spain can sell abroad, the commission, of around 100,000, would need to be two or three times greater still to bring Spain's spending rate up to that of Morocco and Israel.

But pessimists are not alone in their gloom. The budget proposed for the coming season, of around 100,000, would need to be two or three times greater still to bring Spain's spending rate up to that of Morocco and Israel.

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quantity of extra oranges people can be persuaded to eat through publicity measures must be only marginal, and the expected Spanish production increase is considerably more than that.

Early in 1974 Spain will also run up against the first brunt of the Common Market's application to Britain of the external tariff on citrus sales. This will have the effect of imposing 5.6 per cent duty on Spanish oranges entering Britain.

Recent negotiations between Spain and the EEC resulted in an agreement whereby the waiving of EEC duties under certain conditions—such as not overloading the market to a point where prices fall—has been increased from 40 to 60 per cent. But the EEC is still expanding citrus plantings, still has an edge here, for its dispensation is not 80 but 80 per cent.

Other uses

Apart from trying to bring about international agreement to halt further growth of production, Spain's best chance of dealing with the excess that threatens to swamp the European fresh fruit market would seem to lie in diverting oranges to other uses.

Juice-makers have recently been pressing for more co-operation from the Government and the citrus industry in order to better use of their resources, which are at present underemployed. They claim that juicing fruit to take most of the strain of Spanish exports. But canning the European fresh fruit market would seem to lie in diverting oranges to other uses.

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## EEC broiler hatchings up 9%

BY OUR COMMODITIES STAFF

THIS YEAR'S big upsurge in prices of animal feeding stuffs appears to have had little effect on production planning in the West European broiler chicken industry.

Broiler chick hatchings in the first six months of this year were 9 per cent up on the corresponding period of 1972, reports Agria Europe, adding that the figure could be even larger in terms of weight produced since there is a significant trend to a heavier type of bird for cutting and processing.

Fears that broiler prices in the higher feed costs would hit demand have apparently proved groundless. In fact, the increases in prices for competitive meats have resulted in an expanding broiler market within Europe while buoyant demand on the international market has enabled surplus to be disposed of readily when and where they arose.

The largest increases in hatchings were in France (up 11.8 per cent) and Italy (up 27 per cent), while the U.K. at 5.8 per cent, was rather under the average figure.

In Denmark the hatchings declined 6.4 per cent suggesting that Danish producers do not

rate their chances very highly on the enlarged EEC market. But they have apparently suffered heavy losses through the expansion in British production which, if it continues to rise at its present rate will soon exceed the level of self-sufficiency.

The uneven development of production in the various countries has led to some changes in the pattern of trade this year. West Germany remains by far the largest importer, with a slight increase in January-June to 126,253 metric tons of all poultrymeats. But the composition of the imports has changed slightly with broiler imports down by 8.2 per cent and the balance being made up of other types of poultrymeat and poultry.

France's growing production is clearly reflected in her exports which in the first six months of this year, were running over 28 per cent higher at nearly 25,000 tons. In contrast Dutch poultry exports (the Netherlands is the biggest single exporter in Europe) dropped slightly over the same period.

The European broiler picture is very different from the situation in the U.S. where hatchings in the first six months were 4 per cent down. A large part of the reason for this is that the American domestic market presently considerably better than world market prices, a declining







# SCHERING AG

## CONTINUED PROGRESS AND AN UPWARD EXPORT TREND

Annual General Meeting of capital of this company was held in Berlin on June 21st 1973 and the results for 1972 were presented by the Board of Management.

**Review**  
The year under review was marked by a steady growth in sales and a continued upward trend in the export market. The results for 1972 were presented by the Board of Management.

**Capital**  
The year under review was marked by a steady growth in sales and a continued upward trend in the export market. The results for 1972 were presented by the Board of Management.

**Research**  
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# Labour's state-run insurance plans criticised

BY MICHAEL BLANDIN

LABOUR PARTY proposals for State ownership of the insurance industry were strongly criticised yesterday by Mr. D. W. A. Donald, general manager and secretary of Standard Life Assurance.

Mr. Donald hoped that "better sense" would prevail when the Labour Study Group's "green paper" was debated at the forthcoming party conference.

**Propaganda**  
"Meantime, however," he said, "the authors should either spell out in much greater detail how they think nationalisation can improve the lot of all policyholders of all mutual companies or refrain from propaganda which might be said to exhibit the unacceptable face of politics."

In his statement, made at a Press conference yesterday, Mr. Donald drew attention particularly to the position of the mutual companies in the industry.

He referred to Mr. Ian Mikardo's claim, in introducing the Labour paper, that as a result "you Joe Bloggs, will get a better deal from your bank, your insurance company and your building society than you are getting now."

Mr. Donald said: "Incredibly, the study group has ignored the fact that about 35 per cent of life assurance business in Great Britain is in the hands of mutual companies—that is companies without any share capital and managed entirely for the benefit of their profit-sharing policyholders."

**Competition**  
"Neither is impossible, though one may ask where the financial geniuses are to come from who are to achieve something which is beyond the present management, even under the spur of keen competition which would disappear under the proposals."

Experience in North America and Europe, where governments controlled the investment activities of life assurance companies more closely did not support the thesis that such conditions would benefit policyholders, McDonald said.

On the expenses side, he suggested that money could be saved only by drastic reductions in the standard of service. "Whether Joe Bloggs would regard service of this kind at a cut rate as being a better deal is doubtful."

**Directors**  
President of the joint company will be Mr. Yoshinori Okano, who is president of Nippon Meat, the vice-president will be Mr. Eric E. Williamson, chief executive of Bernal and a director of Grand Met. Mr. Joseph will also be a director, as will Mr. Claude Boswell, Bernal's group director of operations.

Subject to receipt of necessary Japanese Government approval, the joint company is to be established next month.

Nippon is one of Japan's biggest meat companies with its shares traded in the first market of the Tokyo Stock Exchange. It has annual sales of £130m.

Mitsubishi, one of the giants of Japanese industry with interests in food, banking, property development and engineering, has annual sales of around £3,510m.

**Redifon introduces satellite navigator**  
REDIFON Telecommunications, part of the British Electric group, yesterday launched a new satellite navigator system for marine navigation and exploration which can give a ship's position anywhere in the world within 600 feet.

The company claims that it is the first to have broken through the £10,000 "price barrier" with the equipment selling for £9,780.

# Berni Inns to open in Tokyo

By Nicholas Leslie

BERNI INNS is due to open in Tokyo in December, following the signing of an agreement with Nippon Meat Packers and Mitsubishi Corporation to set up a joint venture aimed at operating a chain of Berni steak houses throughout Japan.

The choice of Japan for the first major overseas operation by Berni, the steak house subsidiary of Mr. Maxwell Joseph's Grant Metropolitan group, was disclosed in July. The joint company is to be called Berni Inns Japan, and it will have an authorised capital of £1,000m. (about £1.6m), with the paid-up capital being £500m. (about £800,000).

Berni will own 40 per cent of the equity, Nippon Meat 40 per cent, and Mitsubishi the balance. The first steak house is to be sited in Tokyo's Roppongi district—equivalent to London's West End. Yesterday's announcement also disclosed that there are now plans for a further three branches to be opened next year, with expansion throughout Japan to follow until there are at least 50 branches in major Japanese cities within five years.

Nippon and Mitsubishi's roles in the venture will be to provide food, management and sites. Berni will ensure that the character and atmosphere of its restaurants are maintained. To achieve this, all fixtures, fittings and equipment are to be shipped to Japan from the U.K.

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**FT CONFERENCE**  
BRITAIN COULD profit handily from the probable future development of the Japanese economy, a London conference was told yesterday.

The potential for the U.K. to work with this Asiatic giant to mutual advantage was exceptional, said Dr. James Abegglen, vice-president of the Boston Consulting Group and a leading expert on Japanese affairs.

The two-day conference, organised by the Financial Times in association with British Airways' (Overseas) Division, examined the prospect for British exports in the context of the Japanese economy from both the British and Japanese sides.

Dr. Abegglen reminded the conference that Japan's output was now about three times that of Britain, and about as great as that of the Soviet Union. It had achieved this by extraordinarily rapid growth over the past two decades. The establishment economies of the West had not been dealing with this phenomenon either comfortably or easily.

Yet, looking forward over the next few years it must be concluded that, barring international economic or political catastrophe, the Japanese economy would continue to expand very rapidly, at about its recent pace.

Dr. Abegglen said that most of the factors causing this fast growth—very high levels of investment, the quality of the work force, political stability and competent leadership—would continue in effect.

An "affluent and prosperous Japan whose success will continue to give rise to international tensions over trade and investment with new and perhaps substantial friction over raw-material sources and supplies," could be expected.

# 'Britain can benefit from Japan's economic growth'

By Nicholas Leslie

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An "affluent and prosperous Japan whose success will continue to give rise to international tensions over trade and investment with new and perhaps substantial friction over raw-material sources and supplies," could be expected.

That was not to say that nothing about Japan and its economy had changed or would change. The chief changes of immense importance for Britain had to do with Japan's relations with the world.

First, from being highly protected, the very large Japanese market was now as open to British exports as any in the world. Second, Japan was now open to foreign investment, not only to ventures with Japanese firms, but in the full range of investment approaches, including acquisition.

**EEC market**  
He said that perhaps more important from a British view was the fact that Japan was now, and would increasingly be, a substantial overseas investor.

Britain would surely be seen as an attractive site for Japanese manufacturing and distribution investment aimed at the EEC market. London's part as a capital market and financial centre would provide opportunities to support and assist Japanese investment.

The chairman of the conference, Sir John Figgess, chairman of Blanchard (Holdings) and the Commissioner General of the World Exposition at Osaka in 1970, said there had been a tremendous growth in Japanese imports. In the first six months of this year, Japan's imports rose to about \$6,600m. Despite the valiant efforts of many British exporters only £124m. of this came from the U.K.

Sir John was sure that there were great opportunities for the U.K. to sell much more to Japan. The Japanese themselves felt that Britain had not made the effort it could have made in this direction.

Mr. Robert J. Ballon, professor of Economics and Business Administration at Tokyo's Sophia University, said that everybody in a Japanese company, not just its management, was accountable for its progress.

Mr. Ballon, who spoke about some of the problems of direct investment and joint Western-Japanese ventures, told the conference that Japan had no labour or trade unions, but "enterprise unions." Therefore company consciousness prevailed in the labour unions, too. This meant that every staff member spoke up for a company.

The Japanese, he said, described Western style of management as "top down." In Japan the management style was different: all a company's employees were concerned with its growth. Market shares kept increasing and to achieve this individual employees did anything their company required them to do.

But there was no need for the Japanese to work hard. It was enough for them to work together.

"That is why the work motivation of the Japanese is disturbing to the West," said Mr. Ballon.

**Safety alert for fire-risk buildings**  
THE FIRE Protection Association is writing to managements of hotels and leisure centres, schools, and high-risk trades and industries to point out the growing dangers of fire and suggest some practical steps of self-help.

The move comes in the light of the present "extremely serious" fire situation, the association says. Material damage losses through fire in the last 12 months are put at £150m.

Approaches are to be made to architects and schools of architecture to emphasise the need to take a more positive and responsible attitude towards ensuring the fire safety of buildings with which they are concerned.

Fire safety within new multi-storey buildings is controlled by building regulations, the association points out, but except in London and some other local authority areas there is not the same degree of control for single-storey buildings.

Single big fires are being started deliberately—the association claims. Managements of all buildings must tighten up drastically on security against intruders.

Directors of education and individual school heads must, the association stresses, recognise that incendiaryism is the leading cause of large fires in schools.

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## (Non-stop to Toronto, for instance)



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## Air Canada's way to the U.S.A.

Greater two-way co-operation between the ceramic tableware industry and art colleges was called for yesterday by Mr. Arthur Bryn, chairman of the Wedgwood Group. He told a Stoke-on-Trent meeting of the British Pottery Manufacturers' Association that this co-operation was especially vital in training designers.

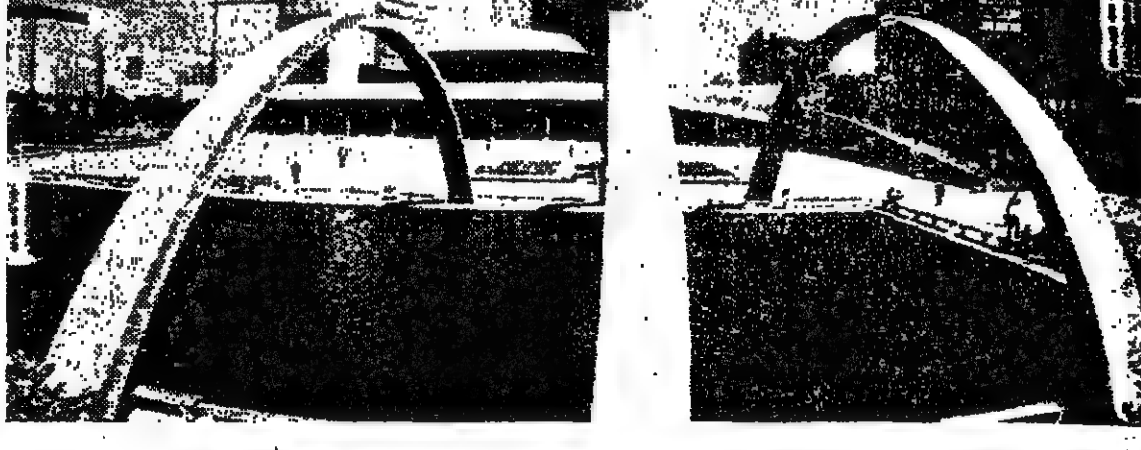
Many young people left art school with the necessary qualifications but lacking a realistic sense of the industry's needs.

Mr. Bryn described as insoluble the problem of providing the industry with craftsmen skills, for which, he said, no satisfactory college course existed but which would still be needed in the future despite increasing mechanisation.

## Wedgewood call for designers

**MORE OVERSPILL HOMES FOR EAST KILBRIDE**  
A £1.6m. contract to build 301 houses in the Glasgow overspill residential area of Greenhills, East Kilbride, has been placed with William Loudon and Sons by the East Kilbride and Stonehouse Development Corporation.

There will be 185 terrace houses, 36 for flats and 81 lock-up garages. More than 2,000 houses are now built or under construction in Greenhills as part of the corporation's programme to provide 3,000 homes.



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# AIR CANADA

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BALANCE SHEET AT DECEMBER 31, 1972			
(Summary)			
	At 12.12.72	At 31.12.72	
<b>LIABILITIES</b>			
Capital	179,429,400.00	186,561,500.00	
Reserves	303,528,044.00	307,853,182.00	
Provisions	3,081,530.00	3,723,850.00	
Other Value Adjustments	1,321,000.00	2,007,000.00	
Contingency Reserves	254,496,440.26	254,629,404.77	
Tradeable Bonds 1966, 1971	61,545,000.00	61,545,000.00	
Deferred Liabilities	64,174,574.21	17,730,875.39	
Investment Liabilities	113,701,585.27	117,243,340.41	
Other	35,297,350.00	35,912,500.00	
	1,064,800,372.74	1,211,380,537.77	
<b>ASSETS</b>			
Fixed Assets			
(a) Material Assets	245,776,583.01	257,230,397.56	
(b) Financial Assets (Bonds, Investments in other Companies, etc.)	280,047,135.57	287,823,280.93	
	525,823,718.58	545,053,678.49	
Current Assets			
Debtors	323,981,778.23	305,060,323.49	
Inventory	1,214,500.00	1,145,856.77	
Other	1,064,800,372.74	1,211,380,537.77	
	1,064,800,372.74	1,211,380,537.77	
<b>PROFIT AND LOSS ACCOUNT FOR THE YEAR 1972</b>			
<b>RECEIPTS</b>			
DM			
Operating Receipts	245,445,404.07	286,743,406.00	
Financial Receipts	55,212,786.05	45,448,739.94	
	600,658,190.12	604,239,135.94	
<b>EXPENDITURE</b>			
DM			
Operating Expenditure	226,397,775.77	254,736,204.71	
Financial Expenditure	174,213,182.02	189,446,187.28	
Provisions	136,846,365.00	128,644,257.07	
Provisions to Reserves	11,200,000.00	11,200,000.00	
Other	35,297,350.00	35,912,500.00	
	600,658,190.12	604,239,135.94	



# How the British Airways 'air shuttle' will work

BY MICHAEL DONNE, Aerospace Correspondent

IT HAS LONG been the dream of many air travellers, especially businessmen, that one day they might be able to dispense with all the tiresome formalities of checking-in and waiting around at airports, and instead just arrive at the last minute, go straight to an aeroplane without a reservation but with a guarantee of a seat, and fly away. The European Division of British Airways (formerly BEA) is at last planning to make this idea a reality from the spring of 1975, with its "Air Shuttle" on the main domestic trunk routes to Glasgow, Edinburgh and Belfast, and the three busiest international routes to Paris, Brussels and Amsterdam.

## Frequency

How does a shuttle system work? Basically, it means a constant flow of aeroplanes on a given route, offering a high frequency of service, say, every hour on the hour, or even more often. The service carries the specific guarantee of a seat for every passenger without any advance booking—which means that if more than a full load turns up for one particular flight, the overflow does not have to wait for the next "timetable" flight, but is accommodated immediately on a stand-by aeroplane, even if that has to fly out half-full. This kind of guarantee releases the passenger from worry about getting a seat. He can just turn up at the airport, and go immediately to the shuttle gate. A feature of the system is that the shuttle aeroplanes go from the same, widely-publicised, gate so that a passenger does not have to hunt all over the airport for it. Only at the gate does he pay for his ticket, by cash or credit card (and eventually it is hoped that automatic ticket dispensers will become standard throughout the air transport industry). If he arrives barely in time, before the shuttle flight leaves, he can go aboard and buy his ticket off the stewardess. He can either carry his luggage with him to the shuttle gate, where it is taken off him and loaded, or he can check it into a special "shuttle baggage" collecting point in the central foyer of the airport, and



The British Airways' team: David Nicolson (centre), with Henry Marking, managing director (left), and Sir Keith Granville, deputy chairman.

then go on to the gate for the flight. The objective is speed and convenience, not necessarily cheapness—although by cutting out many of the normal overheads of advance ticketing, checking-in, and so on, the airline should save some money by the shuttle system. British Airways does not expect its own shuttle flights to be cheaper than current normal scheduled flights, which the shuttle will be designed to replace.

## Confidence

The biggest factor in the success of such a system is the

passenger's confidence in it. He must be confident that he is going to get a seat, without booking in advance. The moment he finds that, for any reason, he is not guaranteed a seat, the shuttle is doomed. Another essential factor is punctuality—the flight must leave the gate on time, although air traffic congestion and bad weather could delay actual take-off or arrival time. Yet another factor is service. If a businessman is in a hurry, and wants a hot drink, coffee or snack en route, and is told he can get it, he will expect it to be served swiftly, not two-thirds of the way through the journey so that he has to gulp it down before

interference from the rest of the group. It will have its own gates in the Heathrow Terminal, and perhaps eventually even its own Terminal.

Clearly, the best way is to start on domestic routes, which are already among the busiest in the British Airways' network. Internationally, it may be more difficult to get the system going, because of the need for consultation with the other airlines involved—Air France, Sabena of Belgium and KLM of Holland. It is hoped that they will be quick to see the validity of British Airways' arguments, so that reciprocal shuttle services may become available on their flights.

The shuttle system, however, is only one of the ideas British Airways has in mind. Apart from such basic things as improving punctuality and safety, the world scheduled air transport industry as a whole, because of international agreements, has left itself only limited areas in which individual airlines can compete for business. Most of them already fly the same types of aircraft, in which seating standards are rigidly laid down by the International Air Transport Association according to the fares charged.

## Competition

Similarly, meal standards and fares are controlled, and often Governments also control the volume of direct competition between airlines on specific air routes. Thus, only a comparatively small area of competitive manoeuvre is left to the schedule airlines. (The independent or non-scheduled airlines outside the IATA have more room, and have taken advantage of it to the scheduled airlines' cost in recent years).

This small area, in effect is the area of "quality of service"

—the manner in which the airline treats its passenger from the moment he buys his ticket until the time he quits his destination airport. It is the one area where the volume of complaint is highest, and one to which too many airlines pay insufficient attention.

"Quality of service" means different things to different passengers. To one, it may be the tone of voice of the girl taking a booking. To another, it may be whether he can get a drink on a flight or not. To others, it may mean getting there on time, or the way in which the pilot puts the aircraft on the ground—the latter being something that does frighten a large number of people.

## Amalgamation

British Airways says it is aware of this, and its senior executives admit that the whole area of passenger handling is vital to the long-term success of the merger between BOAC and BEA. People will be looking to see if standards slip, or improve, as a result of the amalgamation.

One of the areas British Airways intends to concentrate upon is giving the first-class passenger better value for money. He already gets a more comfortable seat, and perhaps a meal or free drink when the economy-class gets nothing. British Airways intends to pamper him a little more, giving him executive lounges in which he can wait, and perhaps boarding him at a separate time from the rest of the passengers, so as to avoid congestion at the loading gate. Smoother, swifter, more courteous handling means far more to first-class passengers than trashy giveaways on board that they really do not want. For the economy-class or

tourist passenger, too, there is much to be done. British Airways European Division intends to turn over entirely to the use of piers and gates at Heathrow, eliminating the past practice of occasional buses to take passengers to aircraft. It is hoped progressively to introduce the system of "check-in" for all, whereby a passenger can shed his baggage at a central point, move to the gate, check-in there and select a seat, and either wait in a lounge before boarding, or possibly go aboard immediately and wait on the aircraft. A "trickle-loading" concept, increasing rapidly of "round" times at Heathrow, reducing opportunities for boarding, but it may be possible eventually to reduce reporting times, so that the waiting period is further reduced.

## Constraints

British Airways has encountered constraints on its plans. The design of the present passenger system at Heathrow's Terminal One is not entirely suitable for gate check-in systems, and plans are under way for some of these to be enlarged anyway in time for the arrival of the Airbus and TriStars next year. Security checks, at present required on international flights because of the menace of hijacking and sabotage, also hinder the smooth flow of passengers through the airport. Nevertheless, the ambition to make life smoother for the passenger, and even if the plan now being considered cannot be introduced in the immediate future there may be some comfort in the thought that the concept that "the passenger is the reason for our existence and not an interruption of our daily lives" has not entirely disappeared from air transport.

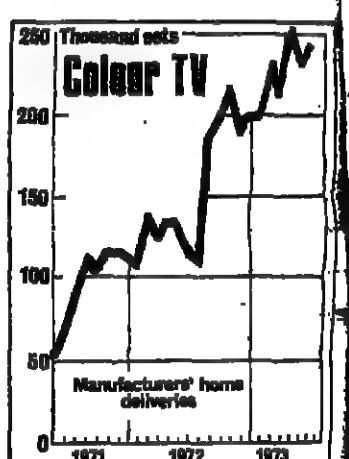
## Adapted

British Airways' is still refining its ideas, and has much work to do before the shuttle plan can become effective. It is not surprising, however, that British Airways should

## Royal wedding may accentuate shortage of colour TV sets

BY ARTHUR SANDLES

A SHORTAGE OF popular models of colour television is likely to be in Britain in the next month as business picks up after a summer pause. Medium-sized, medium-priced sets, particularly, are likely to be restricted. The royal wedding in November also may produce an upsurge in demand, making the shortage even worse. "Sales have surged again much earlier than we expected," said one company yesterday. Latest figures from the British Radio Equipment Manufacturers' Association show July deliveries of colour sets to the trade at 242,000, 10,000 more than the June figure and comparing with 118,000 in July of last year. In the first seven months of this year a total of 1,560,000 colour television receivers were delivered to U.K. distributors, a rise of 78 per cent on the same period last year (878,000). Deliveries of monochrome sets reached 106,000 in July, bringing the total for the first seven months to 873,000, a fall of 17 per cent from the 1972 figure of 1,058,000. Radiogram deliveries reached 28,000 for the month, giving a January to July total of 191,000, a rise of 30 per cent over 1972 (147,000). BREMA members have delivered 496,000 audio systems in the first seven months of this year, a rise of 88 per cent compared with 1972 (263,000). Record player deliveries reached 32,000 for July giving a total of 248,000 for the year so far, a decrease of 7 per cent from 267,000 in 1972. The month's radio receiver deliveries, 579,000, brought the year's total to 3,369,000, a rise of 6 per cent over 1972 (3,174,000).



## Proposals on work safety under attack

By Martin Routh

DEPARTMENT of Employment proposals for safety and health at places of work have been strongly criticised by the Association of Public Health Inspectors. An editorial in this month's issue of the Association's journal, *Environmental Health*, urges very careful examination of the powers proposed for the new Safety and Health Commission, and their effect on the environmental health functions of local authorities, before a Bill is submitted to Parliament. Following the recent Robens Committee call for a national authority for safety and health at work, empowered to make regulations for protecting both employees and the public in general, the DE proposed a Safety and Health Commission and a Safety and Health Executive. The association finds "alarming" the DE assertion that the relationship between the functions of the executive under the Bill and local authorities under existing acts will need examining. "We can see no reason why a body established essentially to safeguard the health and safety of workers should become involved in matters of public health," states the editorial. Local authorities have the duty to protect their inhabitants' health and deal with pollution that may affect them. It points out that the Department of Employment is planning, for example, to make the control of air pollution from individual factories the responsibility of the new commission, while local authorities will have the duty of reducing the general level of air pollution. The association questions whether a clear distinction can be drawn between general pollution and pollution from individual sources.

## TEACHING DEGREE PART-TIME

A part-time degree course in education designed for teachers is to be launched as a collaborative venture by Hatfield Polytechnic and three colleges of education in the area: Balls Park, Hertford, Putteridge Bury, near Luton, and Wall Hall, near Watford. The course aims to attract present and former teachers, including women, who have left teaching and are contemplating a return.

## Warning on spending for mentally handicapped

BY DR. DAVID CARRICK

PLANS TO spend around £4m over the next decade on better services for mentally handicapped patients may require reconsideration, according to the latest report published by the Office of Health Economics. The authors of the report are not suggesting that the sum is too great. But, they say, because of current changes in treatment and attitudes, as well as promising research, an undue amount of the money may be allocated to the building of special hospitals for the sub-normal and too little to research, preventive measures and improved provision for community care. At the moment there are about 140,000 severely mentally handicapped people in the U.K., most of whom cannot live independently and require special help. A further million, however, the report estimates, have IQ's as high as 70 and are capable of leading independent lives so long as adequate training and suitable employment are provided. Within the next 10 to 15 years, the report claims, improved pre-natal and post-natal care for babies at special risk of suffering from brain damage, greater advances in control of infection, and the early detection of genetic and chromosomal abnormalities (such as those leading to mongolism) may result in a substantial reduction in the total of sub-normal individuals. It depends, however, on the money available being channelled into the directions most likely to achieve these aims. "Mental Handicap," Office of Health Economics, 162, Regent St., London, W.1. Price 25p.

## PARLIAMENT ON STAMPS

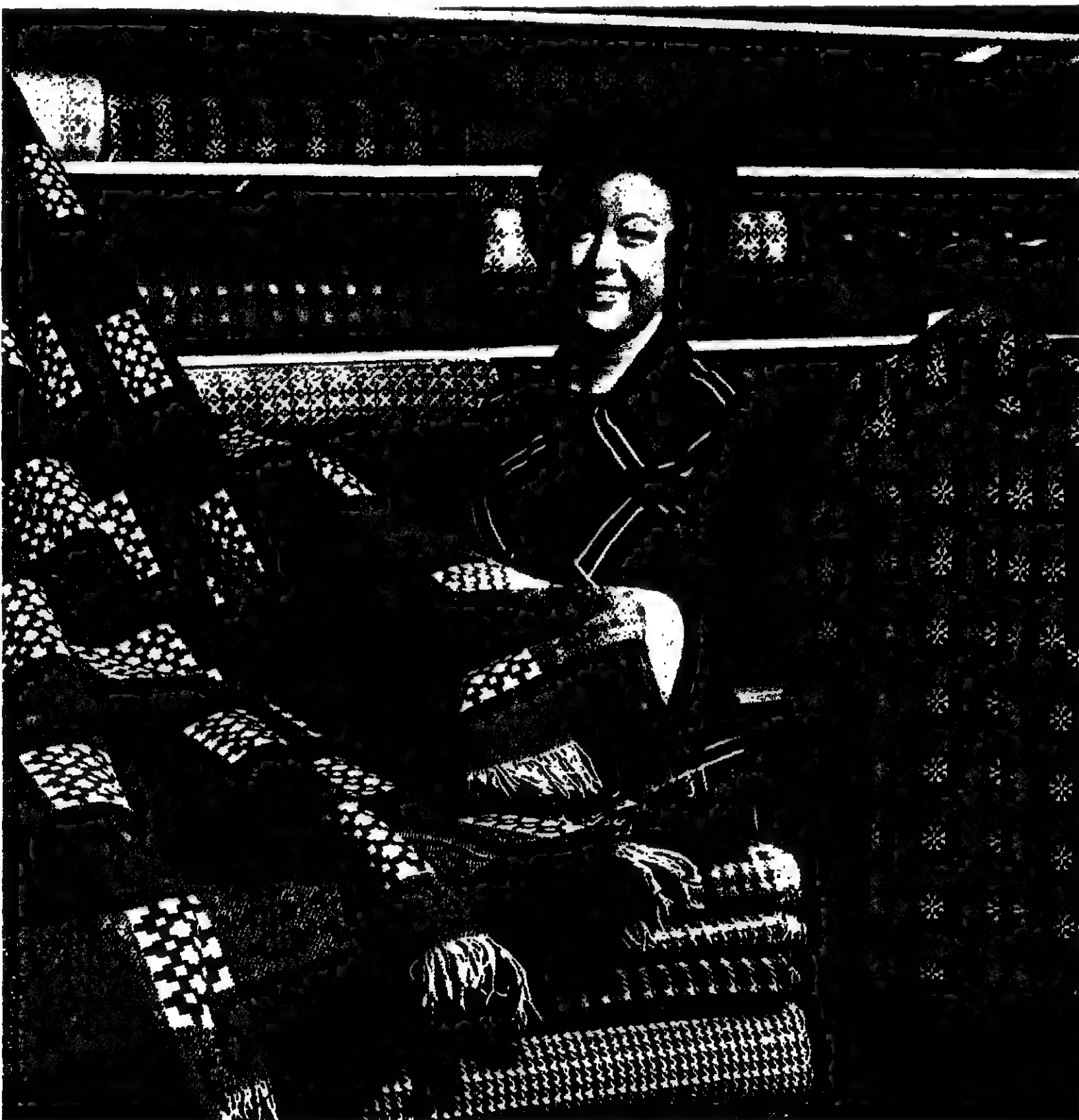
Two stamps showing new views of the Houses of Parliament, to commemorate the opening by the Queen of the 19th Commonwealth Parliamentary Association conference, are on sale at all Post Offices today. An 8p stamp shows the Palace of Westminster from the Whitehall end, and a 10p stamp has the view from Millbank.

## Danger money

You can't put a price on bravery. So you'll find the essential life-boat service is made up of volunteers. But vitally needed boats cost money. So does equipment and full-time maintenance. No life is cheap. Please send what you can to the R.N.L.I. Finance Officer, Room 50, 42 Grosvenor Gardens, London SW1H 0EF. Every gift is appreciated.

## RNLI

Our life savings come from your money



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In 1956 Anna Davies opened her Welsh Wool Shop at Betws-y-Coed in what used to be the old Midland Bank. Since then, The Welsh Wool Shop has grown a lot larger—to cater for throngs of visitors who come from all over the world to buy from its fine selection of Welsh woollen goods, and Midland Bank have moved to larger premises just along the road.

As Anna Davies says, "Our local Midland Bank manager has always

assisted us to the fullest extent in the overall development of the business.

"As we get overseas visitors all the year round, and orders by post

from all over the world, the Midland are always helpful in handling the variety of foreign cheques we receive. It's having their friendly help always at hand that makes it so much easier to run the business."

Your nearest Midland Bank is never far away—and your local Midland manager could well be the nearest to your idea of what a good Bank Manager should be. Interested, friendly, always ready to help. Call in and have a talk.



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# Airlines hope for accord on new Atlantic fares

MICHAEL DONNE, AEROSPACE CORRESPONDENT

ATLANTIC AIRLINES meeting to settle new fares from January 1 are hopeful of reaching an agreement within the next few weeks. It seems almost certain to be on maintaining the existing structure, with small increases in some rates, such as 245 days excursion round-trip. Atlantic airlines do not seem to be unduly concerned by the problems facing the Aeronautics Board in the which has been told by the Board to negotiate its own individual agreements with separate countries on the route, but it would have to provide the initiative. So far as European fares are concerned, the situation appears to be broadly similar, with most airlines ready to accept retention of the existing structure, with perhaps some increases in normal tourist and first-class fares and an extension of a few promotional rates.

## Rising costs

The point being made strongly is that with costs now rising steeply—some airlines have made provision for rises of up to 50 per cent. in fuel prices next year—no airline is in any position to think in terms of cutting fares, in spite of consumer pressures. In effect, the airlines feel that if they can even "hold the line" on existing fares in the present inflationary situation, they will have done well by their customers.

## Passports at post offices

THE PUBLIC will be able to get visitors' passports "through" a "while you wait" service at Post Offices from January 1. The £1.50 passport—valid for a year—has hitherto been issued by the Department of Employment offices. Applicants will fill in an application form and hand it to a counter clerk with two passport photographs, the fee and a birth certificate, pension book, or Health Service medical card for identification. "While you wait" passports will be normal service, but in some cases there will be delays for checking. The Department of Employment is also giving up handing applications for the standard £5 passport, valid for 10 years. These will be dealt with direct by the Passport Office, in Petty France, Westminster, from January 1. The Department of Employment was handing over passport work because it made demands which impeded the development of the employment service, said the Post Office.

## N. England airports study ordered

By Michael Donne, Aerospace Correspondent

THE CIVIL Aviation Authority has commissioned a study of airports in the North of England, with a view to finding out how they need to be developed to meet future air traffic growth. It will be carried out by Alan Stratford and Associates, in conjunction with Maxwell Stamp Associates, who will finish their task in early 1974. They will prepare forecasts of the demand for air travel in the North of England for the period up to 1980, and the need for new airports and associated road and rail links. Particular attention will be paid to the roles of existing airports at Newcastle, Teesside and Carlisle, especially in relation to industrial development of the areas they serve. The study will cover the expansion of cargo traffic and "general aviation"—light, personal and business aircraft movements—as well as air transport needs.

## NOTTINGHAM BUS SERVICES CUT

The Trent Bus Company has announced cuts in some services in the Nottingham area because of a shortage of staff. The company said it hoped services would be back to normal within a few weeks.

## BUILDING LAND AND SITES

### BUILDING LAND WEST SUSSEX

To be Sold by Auction at Warnes Hotel, Worthing, on Thursday, 18th October, 1973 (unless previously sold)

#### IN TWO LOTS

**CENTRAL WORTHING**  
Close to the sea and station  
**EXCEPTIONALLY FINE**  
FLAT SITE  
approved for  
109 FLATS  
**JOINT AUCTIONEERS:**

Charles J. PARRIS & QUIRK,  
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**PULBOROUGH**  
Overlooking river and close main line station  
(London 65 mins.)  
**ABOUT 2.6 ACRES**  
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30 HOUSES & 11 FLATS

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41 Chapel Road,  
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### ALRESFORD - HAMPSHIRE

ABOUT 9 ACRES  
FREEHOLD BUILDING LAND  
Outline Planning Permission  
for Residential Development.

For Sale by Tender 11th October 1973.

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38/34 LONDON ROAD, SOUTHAMPTON. TEL: 25155.

## COUNTRY AND COASTAL



We could rabbit on about the virtues of our houses—but you are the judge

### SHOW HOUSE OPEN

at historic  
**CHISLEHURST, KENT**  
only 10 miles from the centre of London.  
4-5 beds — 2 bath — 3 recep.  
double garage — kitchen — utility room etc. from

**£36,500 FREEHOLD**

Brochures from  
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### OVERLOOKING LYMINGTON RIVER

Fine period residence with 2 Cottages, Outbuildings, Magnificent Grounds and Swimming Pool.  
The Main House comprises: Hall, Study, Breakfast Room, Butler's Pantry, Dining Room, Kitchen, Ground Floor Guest Suite, Magnificent first floor Drawing Room with panoramic views, 4 Bedrooms, 2 Bathrooms, 2 Attics, Stable Yard, Garages and Loose Boxes. Oil Fired Central Heating, 4 acres of magnificent grounds comprising: Garden and woodland. ATTACHED STAFF COTTAGE comprising: 3 Reception Rooms, 3 Bedrooms, Bathroom, w.c., Kitchen (could form part of the main house if desired).  
DETACHED CHARACTER COTTAGE comprising: Sitting Room, Dining Area, Kitchen, Cloaks, 3 Bedrooms, Bathroom, Garage.  
**FOR SALE BY AUCTION—OCTOBER 1973**  
Messrs. Hewitt & Co., 66/67 High Street, Lymington.

### LEICESTERSHIRE

Approximately 3 miles from M1 Access  
**LARGE COUNTRY HOUSE**  
(Approximately 7,500 sq. ft.)  
Standing in grounds of up to 7 acres  
With Planning Consent for  
**LARGE BUSINESS STUDIES SCHOOL**  
5 miles from Leicester. 4 miles from Loughborough.  
30 miles from Derby.  
**TO LET OR FOR SALE**  
**ANDREW AND ASHWELL,**  
53 London Road, Leicester LE2 0PG.

**PERIOD HOUSE SURBITON**  
With planning permission granted for 2 SC flats and 1 maisonette with roof garden. Rooms for 4 or 5 garages. Fine close proximity to home and income. £26,000 or very near offer for quick completion. To view phone 01-399 1493.

**MAPLIN**  
35 miles, London  
Luxuriously appointed residence overlooking lake. Mostly located for a Century requiring an executive base for the extensive Maplin development. 4 bedrooms, 2 bathrooms, 3-car garage etc., extensive furnishing. Available for long or short term. Write Box 27571, Financial Times, 10 Cannon Street, EC4P 4BY.

**BROMLEY—KENT**  
Luxuriously appointed house, 5 bedrooms, 2 bathrooms, surrounded by trees. 25 mins. train to City of London.  
**£37,500**  
Tel: 406 2831

**LONDON FLATS AND HOUSES**  
MAYFAIR. Behind the U.S. Embassy. 3 bedrooms, 2 bathrooms, 3-car garage, swimming pool, tennis court, etc. etc. etc. Write Box 27571, Financial Times, 10 Cannon Street, EC4P 4BY.

### LONDON HOUSES AND FLATS

**WILLET**  
7 Lower Sloane St., SW1  
22 Gloucester Rd., SW7  
4 Harwood Rd., SW6

**AUCTION SALE at CHELSEA OLD TOWN HALL**  
on 27th SEPTEMBER, 1973 (unless previously sold)  
**CHELSEA OFFICE 01-730 3415**  
86/72, Kensington Gardens Square, W.2. Freehold terrace of 7 houses representing a fine residential conversion scheme for 66 self-contained flat units. Planning permission granted. Excellent flat-re-sale potential, the development overlooks Gardens to the front and rear. Plans, etc., available for inspection at the Auctioneers' offices.  
1, Sloane Avenue, S.W.3. Substantial leasehold investment. Corner house. 3 furnished flats for eventual re-sale, comprising lounge, K & B & bedroom each. Present income £4,834 p.a. gross. 2 units sold and subject to Ground Rent of £50 p.a. plus share of maintenance. Good order throughout. Lease 35 years. Ground Rent. £52.50 p.a.  
45/47, Radnor Walk, S.W.3. Two substantial freehold shop premises situated on the corner of Smith Terrace comprising a ground floor restaurant let at £3,000 p.a. for 15 years subject to reviews. One maisonette sold subject to Ground Rent of £35 p.a. rising. One maisonette, 3 rooms, K & B, having C.H. and newly decorated offered with vacant possession.  
**KENSINGTON OFFICE 01-584 8572**  
26 & 28 Boscombe Road, W.12. Detached pair adjoining Freehold non-basement flats houses on corner site. Own car park. Development potential. 28 rooms let furnished and producing £10,400 p.a.  
21, Dewhurst Road, W.14. Freehold non-basement corner house of 11 rooms, 3 showers, 2 baths and double garage. Let as furnished rooms producing £3,075 p.a.

## BUSINESS OPPORTUNITIES

### NOTICE

The National Marine Superintendency of Brazil will receive until 20th September 1973, letters from worldwide shipping companies and from enterprises with international experience in the activities of ship repairs, disposing effectively in operations docking facilities over 200,000 T.D.W., which are interested to participate in the

### SHIP REPAIR CENTRE

in process of formation in Brazil.  
The Ship Repair Centre referred to above, must dispose of a capacity to perform repairs of ships up to 400,000 T.D.W. The enterprises selected will have participation in the capital and will be co-responsible in the elaboration of the project and in the implementation and operation of the Ship Repair Centre.  
Letters should be addressed to  
Superintendencia Nacional do Marinha Mercante,  
Attn. Chefe do Gabinete, Av. Rio Branco 115, 14 andar,  
RIO DE JANEIRO, Brazil

### ARE YOU LOOKING AT THE RECREATION MARKET

Leisure and recreation is a relatively new area for investigation and development—and if your decisions are based upon accurate information it is not a high risk area. We are specialists in leisure and recreation and our service includes professional advice on market potential, site selection, development, design and management of recreation complexes. In other words we aim to reduce the risk in decision making and to improve investment profits. For more information contact:  
John L. Crompton, Manager,  
LOUGHBOROUGH RECREATION PLANNING CONSULTANTS LIMITED  
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Telephone: 05093 5439/68788

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and get tax benefits on accommodation

Single storey, double storey—even mobile site accommodation. Where you want it, when you want it. Erected in just a few days. A remarkable hire service from Terrapin—the dynamic group in the building business.  
With  
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Highly successful specialty sales company requires further products to complement and expand its range. National coverage—through regional offices, advertising, exhibitions, direct mail—AND a very experienced sales force. Own warehousing and distribution facilities. Write Box E.1137, Financial Times, 10, Cannon Street, EC4P 4BY.

### WE ARE SEEKING MAJOR HOLDINGS

IN ENTERPRISES WITH ANNUAL TURNOVER OF £30m.-£150m.  
Enquiries only from directly interested parties on mutually confidential basis.  
**Jobst Müller Jaeger Unternehmensvermittlung**  
4 Düsseldorf-Berndt, Hootswater, 11, Tel. 71 90 09/71 90 00  
W. Germany.

### HAMBURG BUYING HOUSE

with many years experience in supplying overseas clients with wide range German Hardware, Building Supplies, Tools and Consumer Goods now anxious offer similar service to U.K. Importers. Write Box E.1138, Financial Times, 10, Cannon Street, EC4P 4BY.

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**GERMAN BANK (joint-stock company)**  
seeks for the sale of residential property and commercial buildings on a large scale in the German Federal Republic  
British partners  
as agents,  
**KREDITBANK GLADBACH AG.**  
Bismarckstr. 50-52 D 4050 Mönchengladbach

### COMMON MARKET PARTNERSHIP

Exceptionally experienced Ex-Managing Director of Dutch household name (following own family sale) seeks partnership with progressive U.K. based concern capable of exploiting unique Common Market connections. Ideally, businesses seeking to expand their trading with Holland, Belgium and Germany should respond. Size less important than potential. Capital available. Replies in confidence, in writing please to:  
**NORRIS GILBERT, STERN & CO**  
Chartered Accountants  
20 Regent Street, London, SW1V 4PY

### LOOKING FOR A NEW PRODUCT?

We have one too many and wish to sell our Taverner line of porch lanterns. Annual sales £35,000. Manufacturing entails light press, fabrication and assembly work. We are part of a public group and need a quick sale. Write for full details to: F. Brauer Limited, Grove Road, Harpenden, Hertfordshire

### LONDON BASED INTERNATIONAL PROPERTY AND FINANCE GROUP

is interested in receiving proposals for an investment and development project, including commercial, industrial and residential. The project is situated in the City of London and is a prime location for a new office building. The project is a prime location for a new office building. The project is a prime location for a new office building.

### ACTIVE DIRECTOR

Very Commercial/Financial Experience (recently sold out) has substantial funds for venture projects or available as advisory support negotiations. Write Box E.1146, Financial Times, 10 Cannon Street, EC4P 4BY.

### PRIVATE INDUSTRIAL COMPANY

with pre-tax profits of £800,000, wishes to reverse into public company with substantial assets. Further details available to seriously interested parties. Write Box E.1064, Financial Times, 10, Cannon Street, EC4P 4BY.

### Do you control a Unit or Investment Trust or a publicly quoted Fund?

For a limited period private portfolio managers who manage the fund assets to a moderate, yet consistent, steady market conditions, Write Box E.1139, Financial Times, 10 Cannon Street, EC4P 4BY

### A United Kingdom based distributor of Ceiling Panels and Tiles

requires a person to manage the sales and distribution of its products. The person should be able to manage the sales and distribution of its products. The person should be able to manage the sales and distribution of its products.

### SPANISH PROPERTY SALES

Price sale of Companies interested in handling a sub-agent for the sale of Spanish property. The person should be able to manage the sales and distribution of its products. The person should be able to manage the sales and distribution of its products.

### SEEKING FINANCE

Applications invited for any proposition requiring financial assistance. Minimum £10,000, no maximum. All replies answered. Strict confidence observed. Write, giving brief details to:  
**PARK INVESTMENT (MORTGAGE & FINANCE) CO.,**  
183/185 Tottenham Road, London, N.1.  
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£36,000. 100 shares of £3.60 each. 100 shares of £3.60 each. 100 shares of £3.60 each. 100 shares of £3.60 each. 100 shares of £3.60 each.

### HOTELS (MALAGA), FOR SALE. Two sites

with outline plans for two four star hotels in prestigious unique environment in the Malaga area. The person should be able to manage the sales and distribution of its products. The person should be able to manage the sales and distribution of its products.

### WANTED. Finance orientated companies

for sale or investment. The person should be able to manage the sales and distribution of its products. The person should be able to manage the sales and distribution of its products.

### WANTED. Finance orientated companies

for sale or investment. The person should be able to manage the sales and distribution of its products. The person should be able to manage the sales and distribution of its products.

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New Issue August 21, 1973

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**Yokohama Securities Co., Ltd.** **Koa Securities Co., Ltd.** **Marusan Securities Co., Ltd.**  
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**HOTELS—Continued**

High	Low	Stock	Price	Dr.	Cr.
178	148	Rowen Hotels	250		2.6
177	147	Rowen Hotels	250		2.6
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## RUBBERS AND SISALS

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**STEEL**

from John Williams

**-it pays**

CARDIFF 33622

**Lombard**

## Lemmings, inflation and the Greeks

BY C. GORDON TETHER

WHAT ARE the lemmings thinking as they jostle one another on the trail that is to lead them to collective disaster? Is it that they are hardly likely to be going the wrong way when so many of their fellow creatures are travelling in precisely the same direction?

Introducing a human holiday element into a tour of Greece to discuss the country's economic problems with politicians, economists and bankers, I was impressed by the Greeks' insistence on playing down their inflation problem on the grounds that it is just another manifestation of a world-wide phenomenon and—as such—something to be endured rather than cured.

Up to about a year ago, Greece had a record for combining fast economic growth with monetary stability that was second to none. So good was it, in fact, that it earned the title of "Oscar" for the best all-round economic performance in 1972. Now things are very different. Growth is proceeding as fast as ever. But inflation has reared its ugly head in a really big way.

Yet, though the Greeks naturally lament their dramatic fall from grace in the monetary stability sense, the general tendency is not to see anything to get excited about.

### Imported evil

One reason for this is that, having had no recent experience of the more acute forms of inflation, they do not realise just how difficult it is to control the evil once it has taken substantial built-in characteristics.

Then there is a widespread tendency to argue that inflation is an illusory problem rather than a real one. There can't be much wrong with the economy in the basic sense—so this theme runs—if the nation as a whole is enjoying exceptional prosperity, with capital investment booming and the balance of payments looking stronger than ever.

But most instrumental of all in persuading the Greeks to see that a money problem exists is the fact that many of them—those that it is not inappropriate to adopt a relatively philosophical attitude to the near runaway inflation now afflicting them is the fact that much the same thing is happening all over the world.

This is not only because this makes it possible for them to argue that, since it can be regarded to a significant extent as an imported evil, there is not much that they themselves can do about it. It is also because they find little difficulty in convincing themselves that there can't be so very much wrong in travelling a road which so many other countries are also taking. Unhappily, as with the lemmings, it does not occur to them that a journey undertaken in concert could also end in a mass catastrophe. What they also fail to realise is that, though in the early stages the problems generated by the more serious forms of inflation may appear to exist only in the minds of monetary purists, it is not long before they manifest themselves in painfully real fashion.

### Side-effects

As can now be seen on all sides, once the fall in the value of money has become fast enough to acquire serious built-in characteristics, official policy has its work cut out to prevent it rapidly accelerating, let alone reversing it. Moreover, the onset of acute distress in paper money does not take long to generate side-effects that do get seriously in the way of sound economic progress.

In the Greek case itself, an increasing number of people are beginning to recognise the irresistible character of the case for getting out of money into real things. So the country now has capital investment boom on its hands that is manifestly over-taxing its resources, yet which successive official "special measures" programmes are not managing to restrain. At the same time, the enthusiasm for increasing money savings that has hitherto played a large part in fuelling the Greek economic miracle has shown disquieting signs of waning.

The fact that inflation has become an international phenomenon ought indeed to be seen by individual countries as making it more vital to combat it in every possible way—not as a reason for becoming more resigned to it. Greece herself has been wrong not to take advantage of the contribution that revaluation could make to containing imported inflation—failing to perceive that an undervalued drachma is more likely to disrupt than to promote her economic progress in the present international context. And countries seeking to minimise the risk of being engulfed by a lemming-like world inflation outcome cannot afford to make such mistakes.

## THE LEX COLUMN

# Plessey's overseas profits bounce

The surprise in Plessey's 1972-73 figures is the overseas performance—£6.8m, better at £8.5m, pre-tax, on sales about a quarter higher and currencies converted on a quarterly basis over the year. Overall profits are £10.7m, better at £9.1m, including an extra £2m, odd in the final quarter from the consolidation of the ICH holdings—and that sort of figure has been discernible for a year or more.

But apart from the U.S. responsible for roughly half the gain overseas, the U.K. has been the powerhouse for most of the year. As it turns out, U.K. manufactured sales are only just over a tenth higher, and non-trading items account for about a quarter of the domestic profits gain.

The puzzle here is that the U.K. improvement is broadly based, with the odd exception like Gairdard which has had a few strike problems. In particular, sales growth in telecommunications was apparently not that much greater than the U.K. average. But Plessey has a few answers to any suggestion that telecommunications are slowing

down, or that its future sales growth projections here have been revised down in recent months. Elsewhere, the U.S. contribution is probably not much more than £1m: highly volume sensitive products may now only account for about a quarter of that, and Plessey is convinced that its present overseas structure can cope with the wrong side of the cycle without a reversal into big losses.

No one seems willing to take all this on trust. Yet the growth rate in overall orders is still rather higher than it was 12 months ago, with the overseas content up nearly a third, and there is plenty of momentum in the latest quarterly returns—£3.1m in the third and £11.3m, pre-tax in the fourth. At that rate, something like £39m, moves into view for this year, dropping the net p/e from 12½ to around 10 at 114p. Some time over the next couple of years, it is easy to see this opportunity being ruled in retrospect.

### Building

The dynamics behind Costain's

rapid earnings growth of the past two years have been the recovery in its U.K. building division, the jump in profitability of U.K. housebuilding, and growth overseas. This is the pattern again for at least the first half of this year, which shows trading and rental profits up from £2.8m, £4.7m (against £3.4m for full year 1972). This has been progressively whittled down to a rise at earnings level from £1.8m to £1.81m, by a £670,000 drop in property dealing profits, a £20,000 rise in minorities (net), and a £20,000 jump in the tax charge, which comes out at 42 per cent as against 33 last year.

The resultant improvement in the quality of reported earnings speaks for itself, but it is probably the jump in the tax charge which caused an 8p drop in the shares to 276p, for it served as a reminder of just how big a trading improvement would be required this year to produce net earnings equal to the 30p reported for last year.

In fact the trading outlook for the rest of the year looks good.

There is no reason to expect the balance right. But the shadow over housebuilding hangs heavy over a 1972 net p/e of 8½ at 225p, down 19p yesterday.

That would in fact imply something over 31p per share net earnings, which seems adequate support for the shares. It is not easy to say the same for Bovis after an unchanged first half earnings figure of £3.2m on a pre-tax profit of £27,000 higher at £8.03m (against £13.1m for full year 1972). Clearly the pattern of property dealing realisations has been different this year and there is a hint in the interim statement that the second half will put

the balance right. But the shadow over housebuilding hangs heavy over a 1972 net p/e of 8½ at 225p, down 19p yesterday.

### Babcock & Wilcox

Rapid improvement continues to be the order of the day at Babcock and Wilcox. £3.55m, pre-tax for the first half against £1.81m, and the group's warning that the second half may lack its normal seasonal surge might yet prove as over-cautious as did the similar statement a year ago (July-December 1972) produced £3.51m in the event. Still, Babcock has been running into a few first half problems at Woodall-Duckham, where orders have been delayed (but not lost) and the full year might run say £5.5m, short of the £1.5m, £17.5m, bid-time forecast. And after stripping out the £22.4m of turnover acquired via GEMS and W.D. first-half sales are up only 7 per cent, which may point to continuing loss elimination in power engineer-

ing, but could also suggest that the warning of labour and materials shortages may be more than a routine caveat.

However, the group has been achieving sales growth in the volume-sensitive areas—notably construction engineering—and the buoyancy of the U.K. economy is having a predictable impact on order books. Overseas the picture is also good, with the turnaround in Australia scheduled to have a useful impact in the current half. So the target for the full year can be set at a minimum £5m, pre-tax and a prospective p/e at 97p of around 10, after a lowish charge, looks promising for what remains something of a situation stock.

### S.E. Art Society

Stock Exchange artists are reminded that the time is drawing near once again for the S.E. Art Society's annual exhibition in the Drapers Hall, Sendin-ir day is Friday October 5, and the exhibition days are October 10-12 inclusive.

## Hardened French attitude raises GATT temperature

BY CHARLES SMITH

TOKYO, Sept. 11.

A BITTER dispute between France and the U.S. over the link between international monetary reform and trade liberalisation to-night overshadowed the Community's efforts to launch a new round of tariff-cutting negotiations here to-morrow.

A difference of opinion between Europe and the U.S. over the trade-monetary link has long been known to exist. What has come as some surprise here is the hardening of the French position.

In June, the nine members of the European Economic Community agreed that the trade-liberalising negotiations must be contingent on parallel efforts to reform the international monetary system. The U.S., by contrast, wants progress on trade liberalisation before the finalisation of monetary reform.

Here in Tokyo the French delegation, led by M. Valéry Giscard d'Estaing, has been trying to get its European partners to adopt a tougher position on the urgency of monetary reform, and to-night it appeared at least partially to have succeeded.

French have been demanding a settlement of monetary issues, including a return of the dollar to a fixed parity, before the trade negotiations get seriously under way. To-night, at a meeting which lasted until 1.30 a.m., the EEC

ministers agreed to adopt a watered-down version of the French proposal.

The precise terms of the draft have not been released, but it is assumed that it represents a stiffening of the Community position. The draft will be communicated to the U.S. delegation to-morrow, and a further meeting of the nine Community ministers is expected to-morrow night.

The hardening of the French position is thought to be attributable to last week's deadlock in the monetary reform negotiations in Paris.

This has cast serious doubts on hopes that the world's finance ministers can make real progress on the subject at the annual meeting of the International Monetary Fund, in Nairobi later this month. Indeed, Mr. George Shultz, U.S. Treasury Secretary, told his Japanese counterpart here to-day that major monetary problems would not be settled in Nairobi.

The involved in-fighting over the trade-versus-monetary issue has overshadowed what is otherwise a broad if very general measure of agreement on the aims of the new round of negotiations.

The draft declaration contains 11 paragraphs, only two of which are still subject to discussion. The second of these, relating to the handling within GATT of the problems of "least

developed countries," seems unlikely to cause serious trouble.

A number of Latin American countries, including Cuba and the members of the Andean group, is expected to refuse to subscribe to the final declaration on the ground that it fails to guarantee adequate preferences for the developing world.

The terms of reference for the conference have been drafted in such a way, however, that the non-participation of some GATT member countries will not be a serious embarrassment.

The weakness of the draft declaration as it now stands is that much of its wording appears to be too general, committing negotiators to any very definite line of approach. The draft clause on tariffs, for example, does not even speak of negotiation on tariff reduction, but merely of "negotiation on tariffs by the employment of appropriate formulae."

This reflects a deadlock between the advocates of across-the-board tariff cuts and tariff harmonisation (advocated by the EEC) during the preparatory GATT talks in July.

If the conference surmounts its difficulties over the linkage issue the way is expected to be clear for the establishment of a GATT negotiating committee which should have its first session in early November.

## NUM opens autumn pay claims

BY NOEL HOWELL, LABOUR REPORTER

THE AUTUMN round of pay negotiations—which could severely test the Government's Phase Three policies—opens in earnest to-day when leaders of the National Union of Mineworkers formally argue their £130m. claim for increases in the basic rate of 280,000 miners of between 28.21 and £12.71 a week.

Leaders of about 3.5m. engineering workers will lodge this week, including basic rate rises of up to £10 a week. The NUM, in addition to basic pay increases, is seeking improvements in shift pay and under pressure from some areas to call a night shift working in support of its claim.

Its executive meets to-morrow to hear a formal report of to-day's pay talks but may decide to delay any action over shift pay until it has received a reply from the National Coal Board.

With Phase Three of the Government's pay policy not likely to be known before next month, the Board is expected to delay its reply to the NUM claim until towards the end of October. The union has already given written notice of its claim and is likely to seek to justify the demands to-day on the grounds of increases in the cost of living, finishing touches to its £700m.

a-year pay and conditions claim, which will be lodged with the Engineering Employers Federation on Friday.

To-morrow, at York, Mr. Hugh Scanlon, AUEW president, will seek support from the Confederation of Shipbuilding and Engineering Unions executive for the demands for basic rate increases of up to £10 a week. As well as the £10-a-week claim on the craftsmen's rate, and corresponding increases for other grades, the list of demands includes a five-hour reduction in the 40-hour week, a fourth week's annual holiday, an increase in statutory holidays from six to 12, equal pay for women and improved lay-off pay arrangements.

The engineering industry's last pay agreement expired last month with a 23 a week increase, which took craftsmen's minimum rates to £25 for 40 hours. This compares with average weekly earnings for 40 hours of over £35.

Allowing for the fact that few engineers will benefit directly from the minimum rates increase, being claimed, other than by way of improved premium and holiday pay, the demands will still be far beyond whatever limits the Government introduces under Phase Three.

When Mr. Edward Heath, the Prime Minister, visited the Province last month, he was told by the Social Democratic and Labour Party, the main group representing the minority, that progress in restructuring the police force to make it acceptable in all areas was essential if the party was to participate in the new institutions of government.

Mr. Heath and Mr. William Whitelaw, Secretary of State for Northern Ireland, have given assurances to politicians on the Unionist and Loyalist side of the fence that the RUC will remain the Province's police force and will not be subject to major reconstruction.

Both have indicated, however, that command changes at the top with the appointment of a new Chief Constable could pave the way for its internal reorganisation.

With Mr. Flanagan likely to be in office for only two years it

## Catholic to head Ulster police

BY RHYS DAVID

BELFAST, Sept. 11.

NORTHERN IRELAND is to have its first Roman Catholic Chief Constable. The appointment was announced to-day of Mr. J. E. Flanagan at present Deputy Chief Constable of the Royal Ulster Constabulary, and a career policeman with 40 years' service. This move had been widely anticipated.

Significantly, however, Mr. Flanagan, 59, has expressed the view that he should retire at the end of 1975, and his replacement then could be Commander K. L. Newman, 47, of Scotland Yard, who was appointed Deputy Chief Constable of the RUC to-day.

controversy and a major bargaining point in the discussions on the formation of a new Executive.

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looks as though the task of carrying changes through could fall to Commander Newman, who is at present head of A6 and A7 branches at Scotland Yard, with main responsibilities for community relations.

Commander Newman also has experience in crowd control, another field vital to police work in Northern Ireland.

The RUC is 1,000 below its establishment of 2,000, and a major task for Mr. Flanagan will be to build up its strength and morale, both of which have suffered from uncertainty over this force's future.

### Continuity

The appointments announced to-day are likely to be generally welcomed in the Province, and will be seen as making change possible while ensuring that continuity is retained.

## Company profits fail to meet average

By William Keegan, Economics Correspondent

COMPANY GROSS trading profits rose by 10½ per cent, after deducting stock appreciation, between 1971 and 1972—but as a share of the national income they were still some three percentage points below the long-term average.

This is one of the points brought out in the 1973 National Income Blue Book, published this morning, which shows that the share of U.K. domestic income going to wages and salaries last year was about half a percentage point above the average recorded during the 1960's.

The U.K.'s gross national product last year totalled £3,940m—£985 per head, compared with £375 a head in 1971.

### Reflected

The pace of inflation is reflected in the fact that a nominal rise in gross domestic product of 11 per cent was reduced to between 1½ per cent and 2 per cent after taking into account price increases.

These figures give the year-on-year picture. In the course of 1972 output expanded rapidly after the high unemployment of the 1971-72 winter, and the rise in GDP between the fourth quarters of 1971 and 1972 was about 5 per cent.

One feature was the sharp rise in real personal disposable income and consumers' expenditure, which both went up by about 6 per cent. It was one of the fastest rates of increase in recent years. The average growth of consumers' expenditure for most of the 1960's was 2.2 per cent per annum.

Details, Page 12

Continued from Page 1

## Bank deposit rates

said, "ought to weigh the advantage of these operations against the long term value of the overdraft service."

His view was supported by the Governor, who said he was "pleased to learn that some banks have recently been taking steps to curtail this practice." Such activities, he commented in his letter, "operate to put unnecessary pressure on money markets and are thus harmful."

He encouraged all banks to watch for, and to combat actively, "this misuse of their lending facilities."

The Chancellor stressed in his statement the need to maintain interest rates competitive with those being offered overseas, "in order to defend the value of sterling."

He recognised the special problem of the building societies, however, and the importance for the containment of inflation that the cost of house purchase "should be no higher than is absolutely necessary."

Mr. Leonard Boyle, chairman of the association, said after the Whitehall meeting that the Chancellor's move was "an honest attempt" to help the societies in their present difficulties.

They had told Mr. Barber of their mounting concern over the readiness of some banks to offer 13 per cent, or more for relatively short-term deposits of over £10,000. The Bank's society was therefore welcomed, but there was a feeling that it would not prove sufficient to remove the need for further rate adjustments.

The movement's traditional societies in holding on to their lead in the interest rate field investors' money. The average would still be absent, and the deposit is just under £1000.

Continued from Page 1

## Electricity prices

commercial tariffs. It already appears in industrial charges. If this was allowed, domestic consumers would have to pay more for electricity automatically each time fuel costs rose, rather than the Boards having to go through the process of seeking Government permission for price rises including a fuel element.

Generating Board's 1972-73 results, also released yesterday, show a £19.8m profit, which compares with £9.4m in 1971-72, the year of the miners' strike. Mr. Arthur Hawkins, the CEGB chairman, explained that improved use of fuel in the power stations and skilful operation of the power system had helped the results, saving about £16m.

The Central Electricity

£16m.

## AUSTINS FOR STEEL SECTIONS

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## Weather

### U.K. TO-DAY

MOSTLY fine and sunny. Cloud in N. and W. Scotland, and drizzle in Orkney and Shetland.

London, S.E., Cent. S., N.W., Cent. N., England, Midlands, Wales, Lakes, Isle of Man, Scotland, Glasgow, N. Irish Sea. Dry, mainly sunny after a mist. Wind light. Max. (68F).

E. Anglia, E. and N.E. Eng. Dry, sunny spells, variable cloud at first. Wind moderate. Max. 18C (64F).

Channel I., S.W. Eng. Dry, sunny spells, variable cloud at first. Wind moderate or fresh. Max. (68F).

Borders, Edinburgh and Scotland, Aberdeen. Dry, bright or sunny periods. Wind or S.E., 1 Max. 15C (59F).

Cent. Highlands, Moray F. Dry, variable cloud, bright sunny periods. Wind or S. Light. Max. 18C (64F).

Caithness, Orkney, Shet. Cloudy, some drizzle. W., moderate. Max. 11 or (52 to 54F).

N.W. Scotland. Cloudy, mainly dry. Wind light. Max. 15C (59F).

Outlook: Mainly dry, intervals.

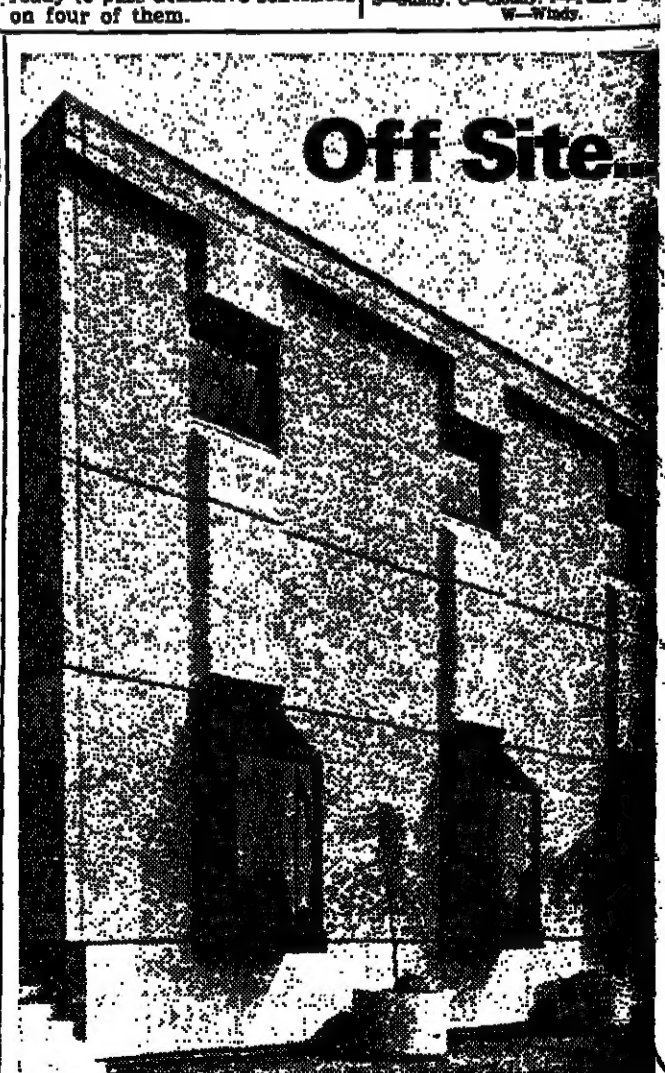
Lighting-up: London Manchester 20.03, Glasgow Belfast 20.20.

### BUSINESS CENTRES

Year Mid-day	Year Mid-day	Year Mid-day	Year Mid-day
Amsterdam F 10 61	London S 27 51	Manila S 27 51	Washington D 27 51
Antwerp F 10 61	Madrid S 27 51	Osaka S 27 51	Wellington N 27 51
Bombay S 27 51	Paris S 27 51	Seoul S 27 51	Yokohama S 27 51
Buenos Aires S 27 51	Rome S 27 51	Singapore S 27 51	
Cairo S 27 51	Stockholm S 27 51	Taipei S 27 51	
Calcutta S 27 51	Switzerland S 27 51	Tokyo S 27 51	
Colon S 27 51	U.S.A. S 27 51	Yokohama S 27 51	
Hankow S 27 51			
Hong Kong S 27 51			
Kobe S 27 51			
Lyons S 27 51			
Manila S 27 51			
Medan S 27 51			
Shanghai S 27 51			
Singapore S 27 51			
Tokyo S 27 51			
Yokohama S 27 51			

### HOLIDAY RESORTS

Year Mid-day	Year Mid-day	Year Mid-day	Year Mid-day
Algeria S 27 51	London S 27 51	Manila S 27 51	Washington D 27 51
Antwerp F 10 61	Madrid S 27 51	Osaka S 27 51	Wellington N 27 51
Bombay S 27 51	Paris S 27 51	Seoul S 27 51	Yokohama S 27 51
Buenos Aires S 27 51	Rome S 27 51	Singapore S 27 51	
Cairo S 27 51	Stockholm S 27 51	Taipei S 27 51	
Calcutta S 27 51	Switzerland S 27 51	Tokyo S 27 51	
Colon S 27 51	U.S.A. S 27 51	Yokohama S 27 51	
Hankow S 27 51			
Hong Kong S 27 51			
Kobe S 27 51			
Lyons S 27 51			
Manila S 27 51			
Medan S 27 51			
Shanghai S 27 51			
Singapore S 27 51			
Tokyo S 27 51			
Yokohama S 27 51			



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هكذا منته الاصل



# The Executive's World

EDITED BY  
JOHN TRAFFORD

## Data networks are coming

BY ANDY McELROY

IF YOU are under 50 and not planning an early retirement, the chances are that you'll spend the last five or six years of your working life doing a large part of your job on a terminal linked to a network of computers. This is the constant refrain of all data processing pundits and nobody in business gives it much serious thought.

But several of the speakers at the Sixth Joint International Seminar in Computing Science at Newcastle last week (the subject was "Computers and Communications") suggested that it is about time that executives in British industry began looking for ways of effectively using computer networks as an aid to business rather than trying to pretend they do not exist.

Professor Kleinrock of the University of California, Los Angeles, pointed out that ARPANET, a data network in the United States, will transmit to subscribers a million bits of coded information at a cost of half a dollar. Put another way, the whole content of this article could be sent down the wire to any destination at a cost of two or three pence. This should at least alleviate the problem of communications.

That is part of the economic argument. Another is that the information need not be stored as a piece of paper in a file, an increasingly expensive system as office rents soar. And once the text is in the system, two or three executives in, say, Glasgow, Manchester and London can call it up simultaneously on their video screens and edit it as a joint venture.

### Updating

Far more important from the businessman's point of view is the facility for updating the system. Sales information, entered from any of the terminals and stored on one of several computers, can be transferred at will between computer stores and between terminals to modify existing reports.

It may all sound a bit like science fiction but the system already exists and is being used by several large corporations in the United States. Over the past few months the rate at which companies are joining ARPANET and using the programs built into it has been increasing. At present it is running at about one-third capacity and it is expected to reach saturation point early in 1974.

It seems inevitable that a similar system will be developed in Britain. The Post Office already has plans for a country-wide network, probably linking into a similar pan-European system, by the late 1970s.

On American experience the cost to the subscriber will be far lower than using his own machine, or subscribing to a time-sharing computer system of the type already in use. As an example of the economy, Professor Kleinrock says that UCLA is abandoning its Sigma 7 computer and subscribing to ARPANET because it is cheaper and offers much wider facilities.

Last year a study of the needs of European users of data communications systems was carried out by PA Management Consultants on behalf of 17 European postal authorities. This showed that a ten-fold increase in the number of terminals in use in Europe can be expected by 1985, excluding those that are connected to an organisation's own computer. More than 800,000 will be in use, Britain's share being 185,000 compared with a current figure of 22,300.

Another interesting forecast that was made at last week's conference was that in the early 1980s traffic by videophone would exceed the present data communications load by a factor of about eight. Dr. Sandy Fraser of Bell Telephone Laboratories, who made this prediction, pointed out that it would be the needs of industry and commerce that would cause the growth. He foresaw a similar growth in Europe, although several years behind the United States.

Together, the growth of networks and the adoption of the videophone for management communication could reduce the need for travel to a remarkable degree. Looking at the combined facilities from the viewpoint of saving management time, it fits in well with sociological forecasts that some day the majority of executives will work exclusively from home, and that the practice of commuting to a central office will wane.

Of course, much will depend on the quality of the programs and software offered by a network, and that is an area where few British operators have much experience.

That was the whole purpose of last week's seminar, organised by Newcastle University and financed by IBM. The seminars provide a unique opportunity for academics to meet high-level industrial research workers informally. Though this is only



Video communication systems and computer networks linked to terminals may one day permit the executive to work from home

the sixth function of its kind, several academics conceded that they were already having an influence on university curricula in computing science.

There is a mass slip between the lecture room and commercial use in any subject, but Professor Ewan Page of Newcastle said last week that he is starting a joint degree course in computing and communications theory. Three years hence, then, there should be a small but steady trickle of engineers with the necessary qualifications to implement data networks.

### U.K. network

What is still in doubt is the fact that a British network will take. Professor Engelbart made out a good case for this software and his operating systems, and on the evidence it is impressive. His approach is that a network—or indeed any computer system geared to management—must be organised on the principle of "knowledge augmentation."

For the past ten years he and his co-workers have been developing what he describes as a "knowledge workshop system."

Though it may sound just another piece of jargon, his aim is to sit at the centre of the network with a system of programs and standard files that will provide the executive with a combination of reference library and calculating power that he can use, in conjunction with his company's own confidential files held on other computers, through his terminal.

Already the ARPANET includes computers of several different kinds to handle everything from mundane payroll or accounting tasks to scientific calculations, financial modelling, and even complete corporate modelling. It is technically simple to include machines that will control machines, tools, a development that would open the way to a complete management system covering every facet of operation and automatically entering production data that is at present difficult to acquire and analyse.

Companies that are already using remote computing may justifiably be rather cynical about the cost of such a network. Line costs are high, and for companies that are fifty or sixty miles from the main processor these

represent a considerable part of the overall cost.

Dr. Douglas McKay, of IBM's Thomas J. Watson Research Center at Yorktown Heights, last week told delegates of a recent development in the United States. A corporation has been formed to set up a network operation that will charge customers only on the basis of connection time and traffic run through the system and completely independent of distance.

Hopefully, they have done their sums accurately, and if the next two years show that they can make a profit without penalising one sector of customers, then the implications for pan-European computing by executives could be tremendous. There is still a long way to go. The investment is enormous and is only justified by wide distribution of the heavy equipment and development costs.

But experts from the United States are adamant that come it must and that Britain, which already has more terminals per computer than any country except the United States, will be the natural growth point for a comprehensive commercial data network for executives.

## The bonus returns to favour

BONUSES are becoming more popular in the U.S. because many companies think they will make executives work harder. And, with changes in tax laws and recent poor results from stock options, many executives are delighted with the quick cash. A 55 per cent. bonus really motivates you, says Dale Wood, a Vice-President of Crutcher Resources, a Houston maker of pipeline equipment which started an executive bonus plan two years ago. "I am very interested in the immediate recognition of performance, and this provides it."

In a McKinsey compensation survey, 71 per cent. of the companies had an annual executive bonus plan last year, up from 63 per cent. two years earlier. In 23 of 31 industries surveyed last year, two-thirds of the companies had executive bonus plans. Four years earlier, that was true in only six of the 25 industries surveyed.

Some companies say they have devised bonus plans for middle management and other employees as well as for top executives. And companies that do not offer bonuses to executives in general increasingly grant special bonus arrangements to lure individuals from other companies.

Even in banking and insurance, where bonuses were once rare, bonuses are arriving. "We are committed to a 15 per cent. growth rate in earnings per share, and we think that a bonus helps to attract the kind of people to attain this," says Robert Feagles, Vice-President for personnel administration of First National City which set up a bonus plan this year.

Aetna Life and casualty established a bonus plan for 350 executives this year. In this fairly typical plan, directors first decide how much money will be made available for the bonuses. This sum depends on corporate performance but is limited to 1.5 per cent. of pretax operating earnings. Directors and management then allocate money to individuals based on their own performances.

### Restrictions

Bonus plans are likely to grow even if the U.S. government gives final approval to executive pay restrictions, says George Foote, a McKinsey director. Among other things, the restrictions would prohibit bonuses paid to top officers and employee-directors from rising more sharply than total company bonuses. The new restrictions would renew the Phase 2 requirement that big companies should obtain prior government approval before starting or revising bonus plans.

"The rationale for companies to start bonus plans still exists whether there are controls or not," Foote reasons. The approvals required are similar

to those during Phase 2 of the U.S. government's anti-inflation programme, and bonus plans grew during that period. Foote says.

Hoping to improve incentives, companies are devising all sorts of plans geared to their problems. Arpeja-California, a Los Angeles apparel concern, decided that executives were putting too much effort into chasing volume and not enough chasing profit margins, says the Booz, Allen and Hamilton, the chairman Jack Litt. So four years ago the company established a bonus plan with criteria that heavily emphasised profit margins, he says.

Some companies that already have bonus plans say they are revising them to make them

will make money. In a strong market, this often happens, but recently stock prices have been below the option prices, so the executives have made nothing. "The decline in the stock market has caused lots of guys putting too much interest in pie in the sky," says Frederick Teague, of Booz, Allen and Hamilton, the management consultants. Mrs. Meyer of Handy Associates contends "many people have stopped wanting to bet. The attitude is bird in hand, master of my own destiny, give it to me now, and I'll take care of myself." Moreover, the Federal Tax

"Bonuses give the manager more flexibility in relating total compensation to an individual's performance that year . . . they also avoid saddling a company with a pay increase that will last indefinitely to reward a superior performance that may end to-morrow."

more sensitive to performance. Leases are one of these. Other are pushing bonuses outside senior management. Kennecott is considering such a plan, and Aetna Life has established a system that will allow managers to grant bonuses to workers whenever they exceed normal performance expectations.

Bonuses give the manager more flexibility in relating compensation to an individual's performance that year, according to Charles Cumming, Aetna's director of compensation. They also avoid saddling the company with a pay increase that will last indefinitely to reward a superior performance that may end to-morrow.

This is one reason why companies like bonuses. But compensation experts say that some executives themselves are pressing for bonus plans, especially to supplement stock options.

Such options give the recipient the right to purchase stock at a given price for a set period in theory, they motivate the executive to work hard so that the company will prosper, the stock will rise and the executive

Revision act of 1969 has gradually raised the maximum tax rate on capital gains (applicable to stock-option profits) to 30 per cent. from 25 per cent. In addition, the act lowered the maximum tax rate on earned income, such as bonuses, to 50 per cent. from 70 per cent.

Bonuses can create problems however, especially if they are poorly administered. Foote of McKinsey points out that if the money does not get distributed in the right proportion to the people who actually generate the profits, the bonus is a poor incentive.

Bonuses cost money. Aetna expects its plan for general employees will cost \$1.5m. a year—or a little under 1 per cent. of its payroll—and the executive bonuses can total as much as 50 per cent. of salary.

Some companies say they have evidence that the bonus plans are worth the cost. One of these is Progressive Industries, a photo-finishing concern. "People are making more money, and the company has made productivity gains of as much as 70 per cent.," says Myron Stayman, Vice-President and Treasurer. (A.P.D.)

### YOUR BUSINESS PROBLEMS

## The right to compensation

Owing to a series of quite unrealistic offers by the local Council, it has taken me three years to get up to a proper figure for some houses compulsorily purchased from me. During this time, of course, the values have risen greatly. Have I a right for any compensation for the less resulting from the length of time taken? Would this come within the jurisdiction of the EEC Council of Human Rights?

You cannot obtain compensation at a value higher than that of the property when the Council went into possession. Unfortunately there is no provision which takes account of inflation during negotiations about the compensation. You are entitled to interest from the date of purchase from me. During this time, of course, the values have risen greatly. Have I a right for any compensation for the less resulting from the length of time taken? Would this come within the jurisdiction of the EEC Council of Human Rights?

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### A termination payment

I have accepted premature retirement, and my contract of employment states that on termination I receive a sum of money equivalent to a year's salary. My employer has deducted tax. Was he right to do so?

Whether or not a termination payment at the end of an employment, or "golden handshake" as it is colloquially described, is fully taxable or subject to relief,

the employer is bound to deduct tax. The employee then claims any relief to which he is entitled. If the payment is made under the terms of the contract of employment (which appears to be the position in your case), or under a similar agreement, the full amount is taxable. Otherwise, the special "golden handshake" provisions apply, which means that the first £5,000 is exempt and the balance is subject to "top-slicing relief."

### Refusal of a new lease

The lease of my business expires in October and I have been formed by my landlord that he will be taking the premises back for his own business use. I have offered to pay a higher rent, but to no avail. Is there anything I can do?

Your lease is prolonged by the operation of Part II of the Landlord and Tenant Act 1954 until the process for terminating it in the statutory form has been complied with. This requires the landlord to serve on you a notice in the standard (usually printed) form giving you at least six months' notice to quit (even if your tenancy was for a term of years certain). You can then apply for a new lease, but the landlord may be able to resist such an application if he can establish a genuine intention to occupy for his own business and that he is not a landlord by recent purchase (within five years). The law is highly technical on all these matters, and as soon as you receive a six months' notice to quit you should consult a Solicitor. You need not do anything except tender rent at the old rate so long as you have no formal notice to quit.

### A sale 'cum' dividend

I have been asked to return a dividend paid to me on some shares I sold, received after the date of the sale, but in respect of a period before it. Must I refund it?

The sole question is whether the sale by you of your shares was a sale "cum" the dividend in question or not. In view of the demand for the payment over by you of this dividend, we assume that it must have been—which is what we should expect. But you could raise the question specifically with the broker and see what he says.

### Serving a blight notice

I understand that at some future date a house I own may be required for a road improvement scheme and that in consequence I shall be obliged to sell the house. Can the Council be compelled to buy now and on what basis would compensation be given?

If the property is included in the development plan or in any resolution of the highway authority as being required for a proposed highway you may be able to serve a "blight notice" on the council requiring them to purchase the property, but that can only be done after you have attempted unsuccessfully to sell.

### Directors' service agreements

I asked to be allowed to examine details of service agreements of the directors of a subsidiary of the company in which I am a shareholder, but the secretary of the company said he was not obliged to give the information. Is this so? And is there anything I can do?

There is no requirement in law for the terms of directors' service agreements to be disclosed either to the public or the shareholders. You can raise the matter at the next annual general meeting and seek to persuade the directors to make the disclosure which you seek, but you cannot require it.

### Lost share certificates

Suppose that on the basis of a lost certificate shares are fraudulently sold, would the purchaser be entitled to be registered? What exactly do these indemnities required by registrars involve to those who sign them?

The Common practice of requiring an indemnity from the shareholder on the issue of duplicate shares is a vexed question which has not been resolved by the courts. As the company should note in its books that a duplicate share certificate has been issued it is difficult to see how it could register a transfer by a person who tenders the original certificate without reference to the holder of the duplicate. The better view therefore is that there is no need for the company to require an indemnity, and that an indemnity would probably not obligate the shareholder beyond his general liability not to have been negligent in the custody of the certificate. Unfortunately the practice of requiring indemnities will continue as the company is not obliged to issue a duplicate certificate and can thus state its terms.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible. No charge is made for this service except in relation to investment matters.

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